

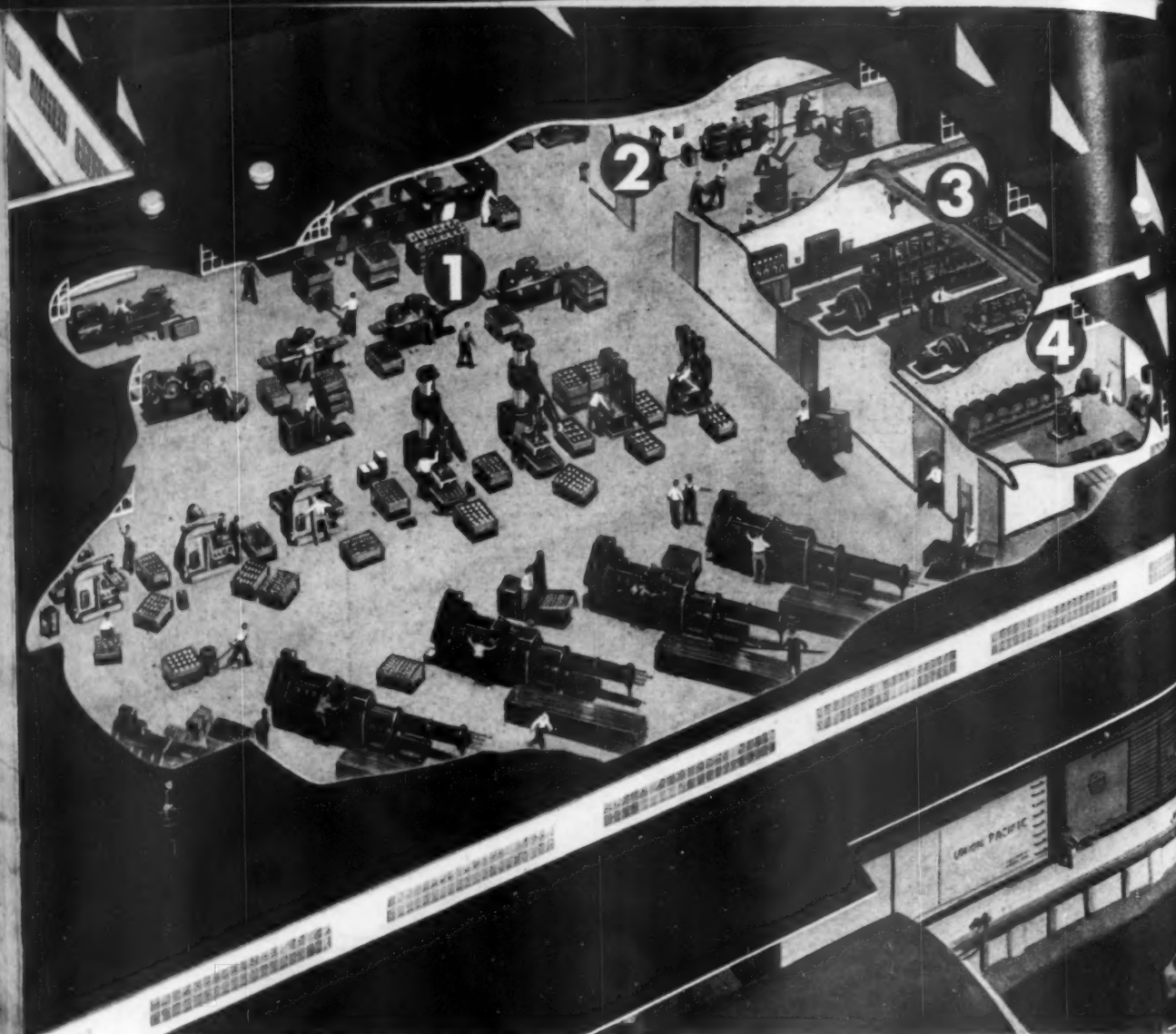
BUSINESS WEEK

JUNE 15, 1946



Pullman Standard's new chief, Champ Carry: He, with other rail car builders, must remedy a shortage (page 8)

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END OF A JUDICIAL ERA

Justice Jackson's sensational airing of his long feud with Justice Black symbolizes the decay of the last stronghold of the Roosevelt New Deal. By the time Roosevelt died the New Dealers had long lost control of Congress. During the war years the Administration lost its New Deal cast and became practically nonpolitical war machine. But Roosevelt left a legacy of New Dealism in the Supreme Court. Had it remained a cohesive group, it would have insured perpetuation of some of the New Deal philosophy in later administrations just as the conservative court that Roosevelt inherited hobbled his program in its early years.

Even two years ago, the prospect was of a court substantially unchanged through several administrations. Now, in the acrimonious climate of the court makes it unlikely that all the members will stay on the bench. It's hard to see how Jackson and Black can both remain. And Douglas and Murphy might have political careers that would be more appealing. The bickering on the court has not been confined to the Jackson-Black feud.

Black in Perspective

As Chief Justice, Fred Vinson will have a tough job in trying to restore the sort of morale to the court. He's the sort to drop into any one of the court's warring cliques. Truman asked him for a judicial temperament rather than for his political or economic convictions. Any other Truman court appointments are likely to be of the

same stamp. So in a comparatively short space of time the court will probably lose its inflated political importance as an active agent in the running of the government.

Congress—which sometimes used to look like a mere bystander in the battle between Roosevelt and the judiciary—now dominates a weak executive and a weakening court.

A few congressmen are tempted to pick up Justice Jackson's virtual invitation to the Congress to take on the job of setting procedural rules for the court, and perhaps even to investigate the somewhat free-and-easy judicial practices which have seemed shocking in recent years to old-fashioned lawyers. But the dominant opinion in Congress is that the problem is one for the court itself to solve.

No Grounds for Impeachment

Apart from the demonstration of unbecoming chagrin over his failure to be made Chief Justice, Jackson's Nuremberg statement boils down to a reminder that Black did not disqualify himself in several cases in which a former law partner represented one of the litigants—and a revelation that Jackson was disturbed and angered by Black's attitude. Although there's no guarantee that a searching investigation mightn't bring out facts more damaging, it's clear that nothing on the record even remotely justifies impeachment of either justice.

Personal choice or informal White House pressure might lead to resignations after a decent interval. But congressional action is unlikely. The incident has revived talk of Jackson's politi-

cal ambitions. Although Senator Mead has the New York gubernatorial nomination pretty well sewed up, Jackson might have a chance at Mead's Senate seat, if Herbert Lehman decides not to run for the Democrats and if Jackson feels such a venture would materially advance his longer-range political aspirations.

Conflict Over Court's Function

Except as it may precipitate resignations leading to a change in the complexion of the court, the Jackson-Black blow-up throws no new light on the trend of court decisions (BW—Apr. 15 '44, p. 26). The past decade has seen a shift in the court from judges alert to the protection of property rights to those more concerned with social welfare.

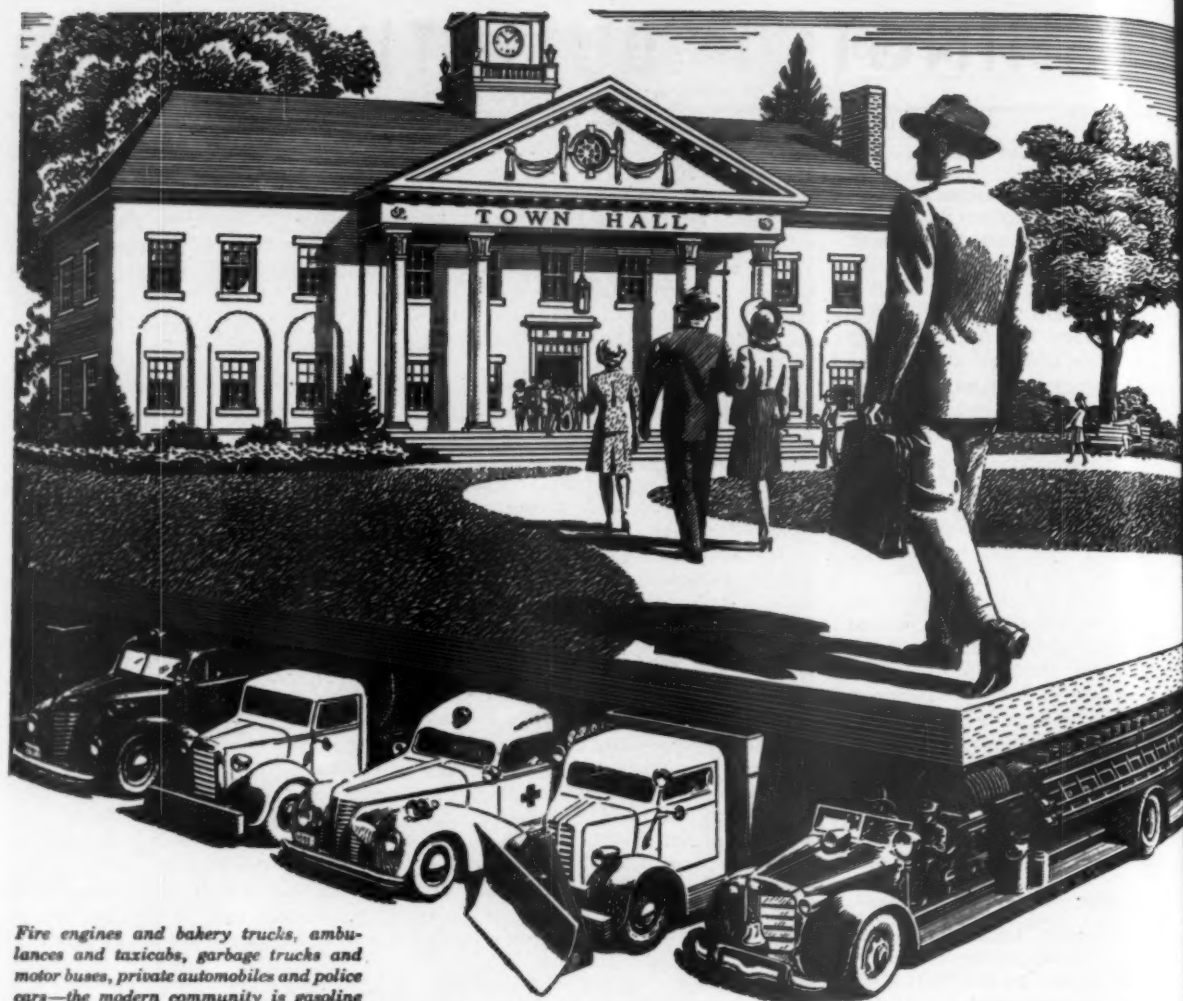
There has grown up in recent years, within the court itself, a new division loosely described as that between "lawyers" and "politicians"—between those judges who base their decisions rather strictly on their studies of the law and those who are influenced by social or economic views. Justices Frankfurter, Reed, and, to an increasing extent, Jackson fall in the former group; Black, Murphy, and Douglas in the latter. Rutledge, Burton, and, of course, the new Chief Justice are still not pigeonholed.

PREFERRED STEEL BUYERS

The Civilian Production Administration is issuing a preference order on steel this week in a last-ditch effort to stave off increasing pressure for resump-



No mere personal vendetta among justices . . . That's the way Justice Jackson (left) described his feud with Justice Black (right) in warning the new Chief Justice, Fred M. Vinson (center), what a tough spot awaited him.



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Your community runs on gasoline

ON YOUR WAY to lunch some busy noontime count the many different types of motor vehicles it takes to keep your community rolling. It will help you understand why the improvement of gasoline transportation—why every increase in the power and economy of gasoline engines—benefits *everyone* in town.

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of gasoline through

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of steel allocation (BW—Jun. 8'46, p. 1). Both CPA and the industry have opposed allocation as cumbersome and technologically bad. The pressure comes from small steel users and some government agencies—notably Agriculture and War Relocation Authority—who charge the steel companies with routing supplies only to their biggest and best customers.

The preference order sets aside 550,000 tons to be used in the third quarter replenishing warehouse inventories, making orders for housing and farm machinery and parts, and meeting needs of the armed services, Maritime Commission, and Veterans Administration. Eligible buyers will simply certify that their purchases come within the terms of the preference order.

BLUFF FAILS

The Interstate Commerce Commission was caught in a bluff, but it will allow its embarrassment and promptly consider the railroads' petition for a rate increase. More than a year ago, ICC ordered railroad class freight rates to be raised 10% in the South and West and 10% in Eastern territory (BW—Jun. 26'45, p. 17). Northern states tried to get the order and U. S. District Court in New York, N. Y., enjoined its execution and they could appeal to the Supreme Court.

In the meantime, the railroads went to the ICC with a petition for a 25% rate boost to cover wage increases. ICC, trying to kill two birds with one stone, asked the Supreme Court that it could block the rate increases unless the injunction against rate equalization was dissolved.

The court refused to take the bait, and the injunction will stand at least until the opening of the fall term. ICC, however, was only running a bluff. It did not insist on tying the two subsidies into a single bundle.

HOUSE WARY OF REFORM

Amazed by the Senate's speedy approval of the congressional reorganization bill, House sponsors will grab any chance to bring it to a vote prior to adjournment, but passage is by no means certain.

Veteran committee chairmen, who stand to lose jobs if the bill becomes law, are exerting much influence in the House. Most House members covet the salary increase and retirement plan provided by the bill. But many of them hesitate to vote these personal benefits just before election time. This issue didn't fig-

ure in the Senate, where only a third of the membership comes up for reelection.

A factor in Senate approval of the bill over objections of several influential members was a feeling that the House will ditch the measure till next year.

RUBBER PLANTS FOR SALE

War Assets Administration this week took the first formal step toward disposal of that portion of the government's synthetic rubber capacity which has a reasonably secure future regardless of policy decisions on natural versus synthetic. It told Congress it proposes to offer for sale Standard of New Jersey's 38,000-ton butyl plant at Baton Rouge, Humble's 30,000-ton butyl plant at Baytown, Tex., and du Pont's 60,000-ton Neoprene plant at Louisville.

It is assumed that butyl and Neoprene special purpose rubbers can compete in any market with natural rubber. Butyl is particularly adapted for inner tubes, Neoprene for oil-resistant applications. Disposal of the general purpose butadiene rubber plants will wait until easy availability of natural rubber forces a decision on competitive terms.

Standard and du Pont have been negotiating to buy the plants for some months (BW—Jun. 1'46, p. 19). Because of favorable locations, they have an inside track unless the Dept. of Justice should throw out their offers on a monopoly issue.

INCUMBENTS HOLDING ON

Congressmen, who have been more worried about reelection this year than for a long time, are beginning to look more cheerful. The reason is that primary defeats of incumbents are below normal. In such pivotal states as California, Ohio, and Pennsylvania, present members who sought renomination battled 1,000.

Many members are frankly amazed at the trend. They had nightmares of veterans swarming to the polls to fill Congress with youthful ex-servicemen. Labor and economic disturbances, usually a signal to oust the "ins," have failed to register.

Just this week, Republican Sen. Hugh Butler of Nebraska handed Gov. Dwight Griswold, formerly an able vote-getter, an overwhelming beating for the senatorial nomination. The support of Minnesota's ex-Gov. Harold Stassen, once

popular in Nebraska, couldn't pull Griswold even close.

Democratic Party leaders planning an all-out fight in the general elections to hold control of the House are definitely encouraged by the primary results.

IMPROVING CONTRACTS

Businessmen who sell civilian goods to the government have a chance now to get a hearing for their ideas on contract provisions.

The Federal Standard Contract Committee—an interdepartmental body—has started revising the government's standard purchase contracts, and invites industry comments. Up for discussion will be such points as provision for advance payments, greater flexibility in liquidated damage clauses to allow for reconversion shortages, and general elimination of ambiguities. Julius Silverstein, Treasury general counsel's office, is chairman.

SNYDER: SNUG AT LAST?

As Secretary of the Treasury, John W. Snyder may have found the right spot at last. His performance as head of the Office of War Mobilization & Reconversion, and close adviser to President Truman brought him under vigorous attack from the Democratic left wing. Particularly resented was his advocacy of early dropping of wartime controls. It was also charged that Snyder's advice to Truman was responsible for letting the coal strike reach a crisis.

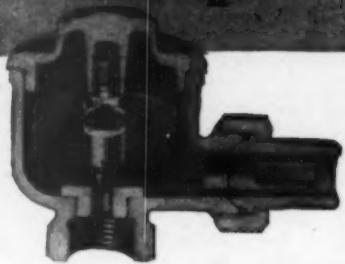
Snyder is the first banker to hold the Treasury post since Andrew Mellon. He is well-informed on fiscal policy. He will be even more anxious than Fred Vinson to prevent any further decline in interest rates, and he agrees with his predecessor that taxes should not be reduced now.

Reports of wholesale Treasury resignations are unfounded. Both Under Secretary O. Max Gardner and the new assistant secretary, Edward H. Foley, will stay on the job as long as Snyder wants them. Snyder will continue to retain as consultant on financial problems Dan Bell, former Under Secretary and now president of the American Security & Trust Co., Washington.

BOMBPROOF FACTORIES

Establishment of underground factories for use in the event of atomic bombing is high on the Army-Navy Munitions Board agenda. There's no

Long Service from Webster Traps



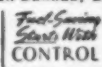
In the office building of Chase Brass & Copper Co., Webster Radiator Traps gave 26 years of satisfactory service before long wear made interior replacements necessary. Webster Thermostatic Radiator Traps give extra years of service—design, quality materials, precision manufacture and careful inspection are the "reasons why". There's no waste of "live" steam because Webster Traps hold steam in the radiator until it has given up all of its useful heat. There is quick, continuous and complete discharge of air and condensation.

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thought yet of moving existing industries, but caves and abandoned mines are already being explored as sites for standby munitions manufacturing equipment and material inventories. Still unresolved, however, is the major bug revealed by German experience—destruction of the essential transportation facilities topside.

CAPITAL GAINS (AND LOSSES)

Don't you know there's a war on? It's official. The Supreme Court threw out the contention of the State of Florida that wartime regulations have been invalid since V-J Day because the U. S. is not actually in a state of war.

The Weather Bureau is running into international complications in its plan to set up five weather stations in the high Arctic. Although the bureau insists that the move has no military significance, everyone interprets it that way. Canadians will probably demand representation—lest the U. S. flag be run up over still unclaimed territory. Sir Hubert Wilkins has been hired to direct the project.

Hawaii won't become the 49th state this year. Chairman Hugh Peterson of the House Territories Committee has stalled for months and reports from Honolulu say that Gov. Ingram Stainback has given only lip service to the statehood campaign.

—Business Week's Washington Bureau

THE COVER

Champ Carry, new president of Pullman-Standard Car Mfg. Co., is one of those men who will have the job of feeding a hungry market for rolling stock and allied rail equipment (page 29).

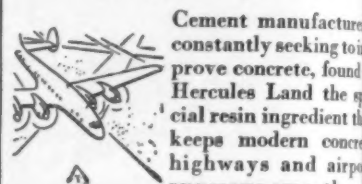
Ex-football center at Cornell, where he took mechanical engineering, Carry won the D.S.C. in World War I for gallantry in action as an artilleryman. His first civilian job was in the shops of a car builder subsequently merged into Pullman-Standard. The jolt was not great, for his uncle, E. F. Carry, was Pullman president.

Experienced in both car building and sleeping car operation, Carry has a first-hand knowledge of the performance that carriers want from rolling stock as well as a wide acquaintance among top rail officials. As a corporation executive he has a reputation for modesty, force, and a cool head in tight places.

The Pictures—Acme—5, 16, 19, 20, 21, 55, 74, 80, 83, 84, 100; Harris & Ewing—5, 15; Press Assn.—5, 19, 98; Int. News—16, 21; N. Y. Herald Tribune—50; Sovfoto—55.

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BUSINESS WEEK • June 15, 1946

THE OUTLOOK

BUSINESS WEEK
JUNE 15, 1946



Industrial output recovered from the strike lows at an accelerating pace this week. Yet this is strictly a hand-to-mouth rally.

Manufacturers don't know how long they or their suppliers can run without bumping into (1) new strikes, or (2) more material shortages.

Wrangling over the President's labor draft and the vetoed Case bill will divert attention from the fact that no basic approach is being made to finding a workable solution to labor strife (page 79).

And the fight over OPA has developed into a sham battle. Chester Bowles and Paul Porter have given up efforts to get what they would call a good bill out of the Senate; they rely on a veto, then an extending resolution out of a Congress eager to get home.

There's no facing of issues. Business can't make precise, long-range plans. The stock market, at midweek, showed disappointment (page 102).

OPA may be guessing wrong when it hopes for day-to-day extension.

Congress, in its present mood, might kick over the traces of a veto. Instead of extending the price agency as is for a limited period, it might junk controls on everything but rents and building materials.

In any event, ceilings on meats, dairy products, and poultry are likely to end June 30. These prices would rise at least to present black market levels. That means a lot to the official cost-of-living index.

Union squawks about wage gains being wiped out would redouble.

C.I.O. leaders are paying more heed to rank-and-file demands for new wage boosts to meet rising living costs but plan to go slowly.

Yet a jump in food costs, such as now seems a better-than-even bet would change a lot of tunes. Many management men look for a new wave of union demands after Labor Day. Food gouging—a practice that has been fostered by black markets—would really touch things off.

More beef will come on the market after the fate of OPA is clear.

Feeders have been holding cattle back in the belief that livestock and livestock feed will be taken out from under ceilings. Some hogs have been held back, too, and others sent to slaughter at light weights.

Slaughter by federally inspected plants for the week ended June 1 was only 190,000,000 lb., 22% below a year ago and nearly 30% less than a month earlier. The rail strike was a factor, but mostly it was holdback.

This strike for higher prices was to be expected (BW—May 18 '46, p10). Livestock raisers have to get more money, now that feed grains have been raised, or go out of business—which they aren't planning to do.

But, even when prices are agreed on, meat will still be short. Higher relief shipments abroad will assure that well into 1947.

Relief shipments of grain won't top 400,000,000 bu. by the end of the fiscal year June 30.

That's 25,000,000 bu. under the year's commitment—adding that much to U. S. grain supplies in the 1946-47 crop year. But the gain may be more apparent than real; we may add the deficit to next year's relief quota.

It all depends on Europe's harvest, on aggregate 1946-47 relief needs.

Outlook for the domestic wheat harvest, so important to world feeding,

THE OUTLOOK (Continued)

BUSINESS WEEK

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improved during May. But the gain is somewhat less than might be desired.

The Dept. of Agriculture estimate of June 1 condition, released on Monday, raised the probable wheat harvest to 1,025,000,000 bu. That's up by about 25,000,000 bu. from the May 1 crop report.

If we could count this gain as in the granary, it would be appreciable. But remember, the spring wheat crop isn't knee high yet; moisture conditions recently haven't been too favorable.

Last year's record wheat crop totaled 1,123,143,000 bu.

Smart money is looking for a storm cellar—for something to buy that has real value—and Wall Street offers platinum to fill this need.

This isn't the first time New York's financial center has tried trading the rare metal as an inflation hedge. In 1936, there was a runup from \$32 a troy ounce in April to \$70 in September and then a sharp spill (BW—Nov. 7 '36, p. 24).

Speculators that time bucked the commercial market. There are only a handful of producers. They like a fairly stable and not-too-high price so that they can compete with gold and silver in the arts and industry.

They pricked the 1936 bubble. But this isn't 1936 and the inflationary pressures are anything but the same. Wall Street might win this one.

It should be noted, though, that buyers pay quite a premium. The commercial market is \$56, Wall Street's about \$75. (There's no ceiling.)

Producers of building materials will get more than subsidies as incentives for higher output. OPA is proving that right and left.

Higher ceilings have been posted in the last few days in all sorts of lines: many types of softwood and hardwood lumber, New Jersey-made bricks, lead pigments for paints, screen, metal plaster bases, nails.

One of the really tough problems occupying Washington and the Wire Products Industry Advisory Committee is nails.

Close cooperation kept the output rate up pretty well through the coal strike. But the Civilian Production Administration is calling for 55,000 tons in June and 66,000 tons for September.

Needs in 1946 are put at 795,000 tons, those for 1947 at 835,000.

Sharp gains in steel operations in the first two weeks of this month are not without their dangerous aspects.

All through the industry, the worry is scrap. The Institute of Scrap Iron & Steel has drawn up a list of price increases, which it believes are needed, for presentation to OPA.

But Iron Age reports that the industry isn't agreed that price alone can turn the trick. Some doubt that supplies can be had at any price.

Steel mills melted most of their available scrap stocks during the coal strike when they didn't have fuel to make pig iron.

But another underlying cause is that industry isn't making scrap fast enough; metal-working trades aren't operating at a high enough rate.

Nonagricultural employment should go up fairly sharply in June. Even during the deadening coal strike of April and May, it more than held up.

Unemployment isn't changing much from 2,300,000. Veterans are getting jobs, but women and others still are quitting the labor force.

FIGURES OF THE WEEK

THE INDEX (see chart below). *160.5 153.0 162.3 221.8 162.2

PRODUCTION

Steel ingot operations (% of capacity).....	76.1	55.2	48.9	90.0	97.3
Production of automobiles and trucks.....	43,175	†31,895	71,355	19,580	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$21,613	\$21,566	\$21,493	\$6,897	\$19,433
Electric power output (million kilowatt-hours).....	3,920	3,741	3,911	4,327	3,130
Crude oil (daily average, 1,000 bbls.).....	4,896	4,756	4,734	4,853	3,842
Bituminous coal (daily average, 1,000 tons).....	740	1,325	87	2,024	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	77	57	84	86	86
All other carloadings (daily average, 1,000 cars).....	35	38	28	62	52
Money in circulation (Wednesday series, millions).....	\$28,170	\$28,106	\$27,958	\$26,513	\$9,613
Department store sales (change from same week of preceding year).....	+31%	+34%	+29%	+4%	+17%
Business failures (Dun & Bradstreet, number).....	13	18	23	12	228

PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100).....	285.3	282.7	275.1	257.7	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	178.2	175.8	172.3	166.3	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	253.0	†252.2	244.2	228.0	146.6
:Finished steel composite (Steel, ton).....	\$63.54	\$63.54	\$63.54	\$58.27	\$56.73
:Scrap steel composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$18.92	\$19.48
:Copper (electrolytic, Connecticut Valley, lb.).....	14.375¢	13.425¢	12.000¢	12.000¢	12.022¢
:Wheat (Kansas City, bu.).....	\$1.87	\$1.87	\$1.72	\$1.70	\$0.99
:Sugar (raw, delivered New York, lb.).....	4.20¢	4.20¢	4.20¢	3.75¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	28.74¢	28.12¢	27.37¢	22.79¢	13.94¢
:Wool tops (New York, lb.).....	\$1.330	\$1.330	\$1.330	\$1.330	\$1.281
:Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	149.1	150.9	148.3	118.6	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.03%	3.03%	3.02%	3.30%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.50%	2.51%	2.51%	2.61%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	½%	½%	½%	½%	½-¾%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	39,431	38,941	38,251	40,683	23,876
Total loans and investments, reporting member banks.....	63,331	63,887	64,067	58,254	28,191
Commercial and agricultural loans, reporting member banks.....	7,469	7,482	7,456	5,818	6,296
Securities loans, reporting member banks.....	4,100	4,280	4,285	3,510	940
U. S. gov't and gov't guaranteed obligations held, reporting member banks....	45,222	45,593	45,777	43,296	14,085
Other securities held, reporting member banks.....	3,367	3,390	3,379	3,072	3,710
Excess reserves, all member banks (Wednesday series).....	700	820	900	1,098	5,290
Total federal reserve credit outstanding (Wednesday series).....	23,460	23,556	23,219	22,207	2,265

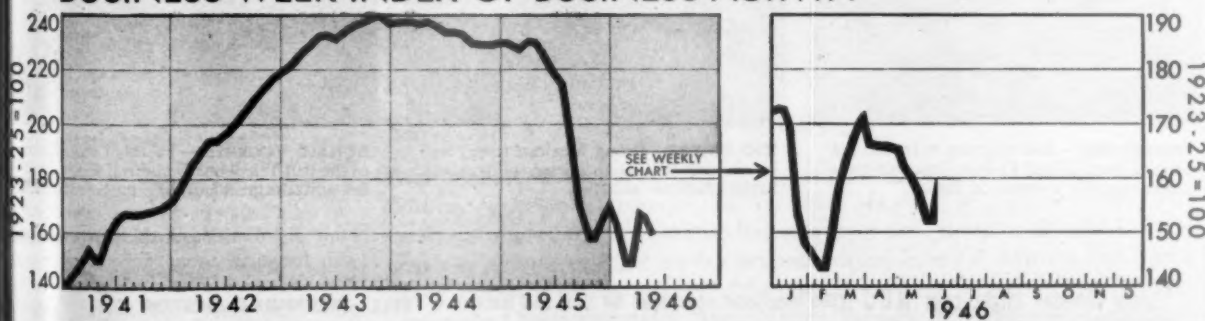
*Preliminary, week ended June 8th.

†Revised

§Ceiling fixed by government.

§Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



For the World's Great Music by Today's Great Artists

"THE TELEPHONE HOUR"

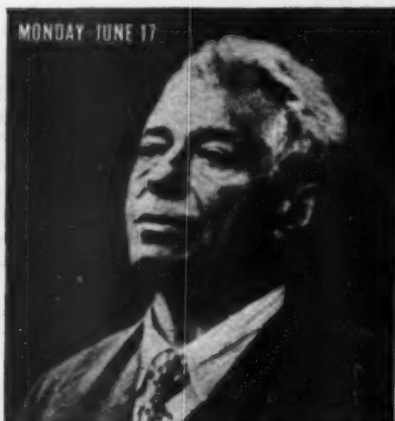
For some of the grandest music you ever hope to hear, we invite you to tune in "The Telephone Hour" every Monday night—over the NBC network. It's like having the world's great artists give a gala performance in your home.

MARIAN ANDERSON
JUSSI BJOERLING
ROBERT CASADESUS
BING CROSBY
NELSON EDDY
BENNY GOODMAN
TITO GUIZAR

JASCHA HEIFETZ
JOSEF HOFMANN
FRITZ KREISLER
OSCAR LEVANT
LAURITZ MELCHIOR
JAMES MELTON
EZIO PINZA

LILY PONS
TORSTEN RALF
ARTUR RUBINSTEIN
BIDU SAYAO
MAGGIE TEYTE
BLANCHE THEBOM
HELEN TRAUBEL

DONALD VORHEES AND THE BELL TELEPHONE ORCHESTRA



FRITZ KREISLER—Distinguished violinist and composer. Made his first radio appearance at sixty-nine on "The Telephone Hour."



BLANCHE THEBOM—Lovely mezzo-soprano of the Metropolitan. Discovery followed her singing at a ship's concert while on vacation.



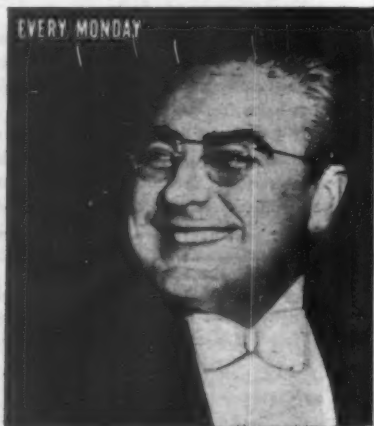
BING CROSBY—The beloved Bing of screen and radio has a distinct place in American music and in the hearts of millions of listeners.



NELSON EDDY—Star of screen, radio and the concert stage. Voted in 1945 "the best male singer regularly featured on the air."



TITO GUIZAR—Young Mexican tenor, well known for his interpretation of romantic Latin-American melodies.



DONALD VORHEES—Talented conductor of the Bell Telephone Orchestra, long identified with the great musical programs in radio.

All appearances subject to change

Every Monday Night over NBC (See your local newspaper for time and station)

BELL TELEPHONE SYSTEM



Labor Issue Outlives Case Bill

Veto hasn't stopped drive for curbs on unions, and each recent proposal has been more drastic than predecessor. Meanwhile, Truman has retrieved some political ground with unionists.

When President Truman vetoed the Case bill this week—to the real surprise of no one—he dealt an important setback to advocates of union regulation and made up some political ground he had lost on the labor front. However, it is not likely that the brake which he applied on the movement to revise our national labor policy will hold for long. In recent years, that movement has attained too much momentum.

The Case bill was the culmination of most ten years of unremitting efforts by groups in and out of Congress to impose restraints on labor unions.

Continuing Fight—Those efforts began shortly after the passage of the Wagner Act in 1935 and took on a more determined quality after the U. S. Supreme Court upheld its constitutionality in 1937. Every attempt to amend that law was frustrated by the Roosevelt Administration with one exception.

The exception was the Connally-Smith War Labor Disputes Act, passed in 1943 over the veto of President Roosevelt by a Congress aroused by that year's national coal strike. The Connally-Smith law is a temporary statute which will die six months after the official act marking the end of the war.

Objectives Unattained—Few of its original proponents will now maintain that the Connally-Smith Act's main provisions have made any significant contribution to labor peace. On the contrary, the one part of President Truman's veto message on the Case bill which was largely noncontroversial was reference to the foresight of his predecessor who, in vetoing the Connally-Smith bill, had warned that it would promote, not lessen labor strife.

The fact that the Connally-Smith Act did not work as its authors intended led to abate the demand for restrictive labor legislation. A notable aspect of the whole drive for such legislation is that, as every effort to change national labor policy is beaten back by Administration forces, the inevitable next attempt produces a more stringent proposal.

Most Drastic Yet—Thus the Case bill, most recent of a long list of labor law drafts, was the most drastic yet advanced.

It would have provided for a Federal Mediation Board to act in disputes while the status quo was maintained, with new and serious penalties for employees who struck in the meantime; for a 95-day cooling-off period in disputes involving public utilities; for outlawing labor racketeering; for outlawing welfare funds administered solely by a union; for depriving supervisory employees of Wagner Act coverage; for making unions answerable in federal courts for contract violations; for bringing various union activities within the scope of the antitrust laws; and for modifying the Norris-La Guardia Act to permit federal courts to issue injunctions against unions engaged in monopolistic practices.

• **Truman's Position**—To each one of these major provisions in the bill, Truman took some exception in a 5,000-

word veto message which had as its central theme the assertion that "H.R. 4908 (the Case bill) strikes at symptoms and ignores underlying causes."

His crowning argument was, "Not a single one of the recent major strikes would have been affected by this bill had it been law." He was able to persuade 135 members of the House of the soundness of his position, five more than the one-third needed to sustain the veto.

But the Case bill was far from being a dead issue.

• **As a Rider?**—The House Rules Committee announced its determination to tack the whole Case bill onto the President's own legislative proposal as an amendment. Truman's measure—passed in one form by the House and another form by the Senate—would provide temporary powers for the President to seize strikebound properties important to the national welfare and to establish new wage rates and working conditions when these are in controversy.

The action proposed by the Rules Committee would, if approved by both houses, send the Case bill back to Truman's desk as an inseparable part of the legislation he himself asked of Con-



SMOOTH SAILING OR NO SAILING?

Maritime union leaders, apparently in easy spirits, bring C.I.O. president Philip Murray (extreme left) up to date on their plans for a shipping strike. The nation at midweek was anything but easy over the question: Would C.I.O.'s seagoing unions really hit the bricks as scheduled June 15? Murray had "not a thing" to say after his talk with the committee (left to right): Joseph Selly, American Communications Assn.; Harry Bridges, International Longshoremen's & Warehousemen's Union; Joseph Curran, National Maritime Union; and Hugh Bryson, National Union of Marine Cooks & Stewards.

gress. Yet sober analysts are convinced that such strategy would serve no purpose save embarrassing the President.

• **Political Angle**—They see little reason to expect that he would pay the price of accepting the Case bill to get his own proposals through.

In fact, political observers aren't sure Truman would find distasteful an opportunity to veto his own proposals and get out from under the mountain of labor criticism that has been heaped on his head for the labor draft suggestion.

He cut into that labor hostility this week with the arguments and emphasis he used in rejecting the Case bill. Implicit in the whole message was the note that he, Harry Truman, was labor's only bulwark against this crippling antiunion offensive.

• **With Mirrors?**—For political purposes, Postmaster General Robert Hannegan, as chairman of the Democratic National Committee, would like nothing better than to have two different impressions remain alive about Truman's role in the labor crisis. He would like the nonunion public to remember that at the height of the rail strike the President asked Congress to pass the most drastic peacetime law ever seriously proposed. Then he would like the labor leaders to remember that it was the President who saved the unions from what they took to be the serious consequences of the Case bill.



Fire prevention engineers point to the gutted lobby of the La Salle Hotel in Chicago, as an example of what can happen when a fire makes a chimney an unshielded shaft or stairwell in an unsprinklered building. Much the same thing happened at the Canfield Hotel in Dubuque, Iowa, four days later.

Whether Truman's Administration can achieve these two objectives remains to be seen. But the movement to legislate labor controls will be kept very much alive.

Vetoed Case Bill Is Still Case's High Bid

When Calvin Coolidge made his cryptic "I do not choose to run" statement from the summer White House in South Dakota in 1928, it was Francis Case, young weekly newspaper publisher who staged the event. Coolidge had gone to the Black Hills at the invitation of this 31-year-old local booster.

Eight years went by during which the mild-spoken westerner won public goodwill, and in 1936 the voters of South Dakota's Second District elected him to the first of five terms



Francis Case

in Congress, preferring him to an incumbent democrat in the Democratic landslide of that year.

In the House of Representatives, Case did nothing to attract wide attention. For years he has labored on a House appropriations subcommittee which handles the War Dept. budget, and he helped write the wartime contract renegotiation act.

Case had devoted himself to the welfare of his constituency, mostly farmers and ranchers, or townfolk identified with the agricultural interests. When they became disturbed and disgusted by the postwar wave of strikes, Case thought it was time to do something about them. He dropped his now-famous bill in the House hopper last Jan. 29.

Truman's veto will probably return Case to an inconspicuous role, but he has at least affixed his name to the history of the times.

Case isn't worrying about reported labor efforts to bat him down at the polls. A candidate is filing on the Democratic ticket but, says Case, "just because he wants to run."

Double Warning

Hotel disasters dramatize the nation's spiraling fire loss. Present trend is expected to continue for several years.

Two disastrous hotel fires within days have caused city councils and prehensive property owners all over the country to worry about something insurance companies have been warning uneasily for some time—the rising trend in fires and fire losses (B Feb. 2 '46, p. 74).

The total value of property destroyed by fire last year was \$484,274,000, highest annual loss since 1930. Insurance company engineers glumly predicted that losses would keep on rising for several years, just as they did in the last war. The record so far this year bears them out. In the first four months of 1946, losses ran \$207,000,000 against \$165,300,000 for the same period last year.

• **Familiar Story**—When Chicago's La Salle Hotel went up in flames last week with a toll of 61 dead, Chief Fire Marshal Anthony J. Mullaney was in Boston attending the 50th anniversary session of the National Fire Protection Association. Mullaney rushed back to Chicago, and the rest of the 2,000 delegates continued their conferences and took part in discussions on the latest developments in fire prevention.

Most experts agreed that the trend

Chicago and at the Canfield Hotel Dubuque was nothing new. It was old story of open stairways or shafts with inflammable furnishings, a combination that spells danger in any engineer's books.

Perfect Setup—In both hotels, the stairs started on the ground floor and went up chimney-fashion up stairwells and elevator shafts. Heat and toxic gases poured into the upper floors, and old-fashioned outside fire escapes (encouraged by the Chicago building code for the reason that any engineer has ever been able to understand)—once again proved inadequate.

The prescription the experts offer to prevent such disasters is comparatively simple—fireproof walls inclosing all stairways and shafts, fire resistant furnishings, adequate sprinklering, and a hair-trigger alarm system.

Causes—The general problem of holding down national fire losses is harder to handle. Experts find no one cause for the uptrend. A variety of things, such as the rise in real estate values, the shortage of skilled firemen, obsolete fighting and prevention equipment, a general letdown in maintenance and inspection standards, all contribute to the mounting total cost. Many of the most expensive recent industrial accidents have occurred in manufacturing plants that were reconverting to civilian production and had overlooked the fact that different processes create different hazards.

Even when engineers spot trouble in advance, it often is hard to do anything about it. In Philadelphia the new owner of the 317-room Walton Hotel, a historic landmark that had two fires last year, pleaded that they could not get materials or labor to meet local safety requirements. City officials ordered the hotel closed, but their decision was not

popular with tenants who got three-day eviction notices.

• **Rates Steady**—So far, the rise in fire losses has had no effect on the structure of fire insurance rates, but if it continues, premiums will have to rise eventually. Fire rates, usually closely controlled by state rating bureaus, are figured on a five-year average, and the current trend, which began in 1943, has not yet affected them. Most of the big underwriters expect their fire business to show a loss for the next couple of years.

Peaceful Atoms

Manhattan District makes variety of radioactive isotopes, byproduct of uranium piles, available for research work.

With careful symbolism, the Army's Manhattan District put into effect the first large-scale peacetime application of atom-splitting on the very day on which the United Nations Commission on the Control of Atomic Energy held its opening meeting. On that day—June 14—Manhattan District opened for business as supplier to research laboratories and hospitals of a wide range of radioactive isotopes—byproducts of the operation of the chain-reacting uranium piles in which power and plutonium bomb materials are manufactured.

• **Important to Research**—Nearly every one of the 96 known elements can exist in several different forms—isotopes—possessing identical chemical properties but with slightly different weights. Certain of these forms are unstable and tend to break down spontaneously into stable forms—shooting off high-frequency radi-

ation or atomic particles, neutrons, protons, electrons, in the process. These are the radioactive isotopes or radio-isotopes.

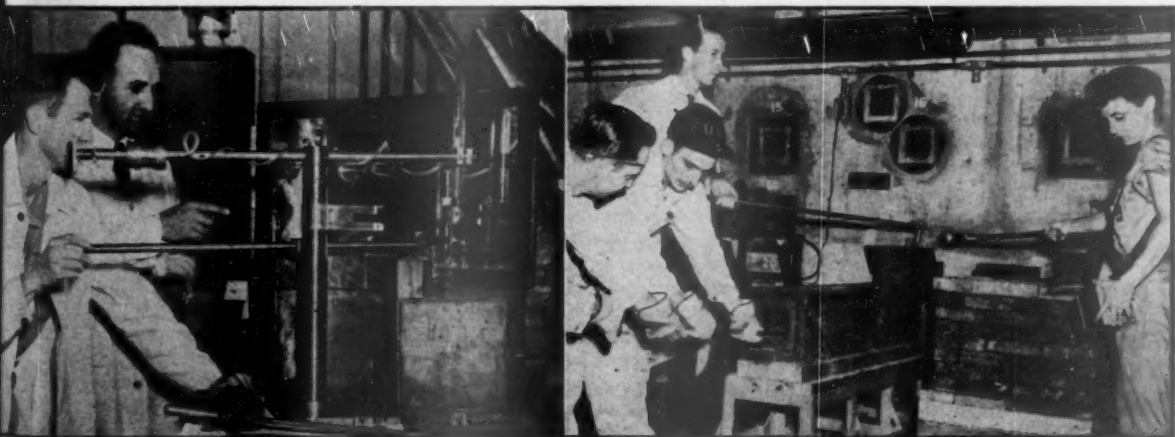
Importance of these radio-isotopes is that they behave chemically in just the same way as the normal element, but their radiations can be detected with instruments. They are tagged. Thus if a man eats a piece of sugar containing radioactive carbon instead of ordinary carbon, it is possible to follow that particular sugar through his body. Again, by using radioactive sulphur in sulfa drugs, it is possible to investigate just what they do. In the same way, many industrial chemical processes can be studied in detail.

• **About 100 Types**—Before the war, radio-isotopes were produced in small quantity in cyclotrons and other atom-smashers which bombarded normal materials with protons or electrons, transposing them into the radioactive form.

The chain reacting uranium piles of the Manhattan District provide tremendous numbers of neutrons for bombardment of any materials introduced into the piles (illustration) and can thus produce radio-isotopes in much larger quantities.

Manhattan District is now engaged in manufacturing approximately a hundred types of radio-isotopes, of which the most important are radioactive forms of carbon, sulphur, phosphorous, and iodine.

• **Supply Limited**—They will be supplied to hospitals, universities, and to industrial and other research laboratories. The supply is still limited, and first priority will be given to fundamental research projects requiring small quantities. Second priority is for medical use, in diagnosis and in actual treatment of disease; the same priority goes to fundamental research requiring larger quantities.



Here's your first look inside an atomic factory—where radioactive isotopes are produced in a uranium chain reaction pile. Very radioactive solutions are sampled (left) from a bottle buried in a heavy lead block behind a shield. The lead absorbs the radiations and workers

view operations in the mirror. Before radioactive samples are withdrawn from the uranium pile (right), the pile is shut down; then the sample carrier is pulled into a lead shield and the activated material removed. A worker measures the sample's radioactivity as a safety check.

ties. Then comes training in the techniques of using radio-isotopes.

Allocations for routine commercial applications are being deferred until it is determined whether research needs can be met.

Isotopes will be charged for at the actual out-of-pocket cost. The prices have not yet been set, but they "should not be prohibitively expensive to the average scientific institution."

• **Where to Get Forms**—Institutions desiring allocations may write to Isotopes Branch, Research Division, Manhattan District, Oak Ridge, Tenn., requesting application forms and price quotations and setting forth briefly the nature of the work to be done.

Sheet Bar Subsidy

Government pays \$45.84 a ton to J. & L. and sells at \$38 in order to enable five small mills to continue operation.

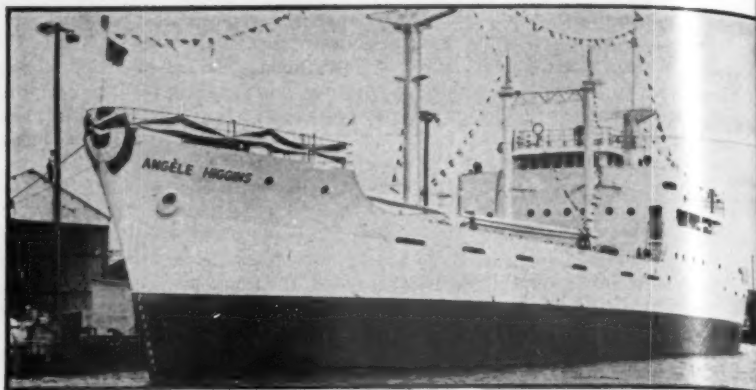
Small nonintegrated steel companies are not only beleaguered by rising costs which beset all industry (BW—Jun. 8 '46, p. 15) but their inability to get semi-finished steel from large producers threatens actual shutdown. At the request of the Civilian Production Administration, RFC has come to the rescue with subsidy payments.

In one instance, RFC is paying the Jones & Laughlin Steel Corp. \$45.84 a ton, Pittsburgh, for sheet bars, which the government is supplying to five small sheet producers at \$38, delivered. This means a net cost of \$10.34 a ton to the government.

• **Beneficiaries**—The five companies, each to get 2,500 tons of sheet bars this month, are the Apollo Steel Co., Apollo, Pa.; Superior Sheet Steel Co., Canton, Ohio; Reeves Steel & Mfg. Co., Dover, Ohio; Mahoning Valley Steel Co., Niles, Ohio; and the Parkersburg Steel Co., Parkersburg, W. Va.

These CPA-sponsored subsidies, the first paid in the steel industry, come from the "unclassified" subsidy funds for the fiscal year ending June 30. These funds may be continued in the OPA extension law or may be chopped off at the direction of CPA.

Whether the subsidies are cut off or extended may depend on how four of the companies (all save Parkersburg) fare in negotiations they have under way for an RFC loan for the purchase of the steel plant of the Sharon Steel Corp., Lowellville, Ohio, which has an annual sheet bar and billet capacity of 470,000 tons. The Follansbee Steel Co., another small sheet maker, is considering taking over Parkersburg Steel Co.'s sheet mill operations.



AND NOW HIGGINS TACKLES PEACE

Back at work on the job that won him acclaim during the war, boat builder Andrew Jackson Higgins (BW—Feb. 16 '46, p. 21) has launched and put in service the 2,700-ton *Angele Higgins* (above) between Chicago and Southern American ports. Operated by Good Neighbor Steamship Line, subsidiary Higgins, Inc., the shallow-draft cargo ship is designed to sail anything from Louisiana streams to the big ocean. With labor difficulties settled and reported order backlog ranging from \$22 million to \$40 million, the builder's goal is to make over 25,000 craft in 1946. An order from the Netherlands for 112 62-ft. steel motor cargo boats, valued at \$3,900,000, is already being filled.

• **For Veterans' Housing**—Other subsidies are in the picture for metal lines, particularly pig iron and cast iron soil pipe, for the \$400,000,000 subsidized veterans' housing program.

Rough Landing

Nonscheduled air carriers brought down by CAB's new definition of their function. Contract firms not affected.

Having prescribed less onerous safety regulations for nonscheduled air services than operators expected (BW—May 18 '46, p. 30), the Civil Aeronautics Board has come through with a definition of nonscheduled operations which many operators fear will put them out of business.

The definition paves the way for drastic amendment of the exemption order under which a variety of air services have been conducted free of economic regulation since 1938. The amended exemption order will be circulated for industry comment before adoption.

• **Strict View**—Operators have been expecting some degree of economic control, but CAB's narrow definition of nonscheduled services took them by surprise. Some lines, for example, have been operating a stated number of flights between given points at approximately the same time every day, or on certain days each week. They have relied

principally on the fact that they not publish time tables to characterize themselves as "nonscheduled."

This is no good, says the board. "Nonscheduled has a far more restrictive meaning than the mere absence of a published time table." To be exempt from economic regulation, the board declared, flights "must be of such rare and infrequency as would preclude the implication of a uniform pattern or a regular consistency of operation."

• **No Need?**—While CAB's definition is a heavy blow to nonscheduled operators in the passenger field, the cargo carriers are hit hardest. The board says that it could see little excuse for nonscheduled cargo service as the bulk of the traffic is between points already served by certificated airlines.

Certification seems to be the more recourse of the 2,730 carriers which, according to CAB estimates, are flying 5,529 aircraft in both cargo and passenger operations.

• **Brass Tacks**—Under the proposed amended exemption order, no carrier would be considered nonscheduled if it made more than ten round trips a month between two points during three consecutive months. Industry reaction was that fewer trips would be nonscheduled all right, but also economically impossible.

Flying high above the storm are the nonscheduled carriers of cargo on contract. Neither the board's definition nor the proposed amended exemption order applies to them.

Eaton Returns to Steel

Legendary Cleveland financier, who made Republic the country's third largest producer, starts a new venture with Kaiser and Frazer taking a leading role as owners and users.

With the dexterous Cyrus Stephen Eaton as their financial Moses, Henry Kaiser and Joseph Frazer of Kaiser-Frazer Corp. fame last week embarked on a joint steel-making enterprise by acquiring, as expected (BW—Jun8'46, p. 10), a substantial interest in the new Portsmouth Steel Corp. set up by Eaton and associates.

Stock Offering—With the aid of some new public financing, the new company is buying Wheeling Steel Corp.'s Portsmouth (Ohio) works for \$12,000,000, will supply Kaiser-Frazer and Graham-Paige Motors Corp. part of their steel requirements for Kaiser and Frazer cars. Since Portsmouth has no sheet mill, Portsmouth's steel will be rolled into sheet at Wheeling's Steubenville (Ohio) works, whose finishing capacity is well above its basic capacity.

Kaiser-Frazer will buy 200,000 shares of the new steel company's stock, Graham-Paige 100,000 shares, both at the public offering price of \$10. An additional 1,025,000 shares of common will be offered to the public at \$10 per share, according to the registration statement filed with the Securities & Exchange Commission. Eaton's Otis & Co., Cleveland, is the underwriter. Eaton will be chairman of Portsmouth Steel.

With the Portsmouth works, the new company is acquiring Emperor Coal



Cy Eaton—a new empire in steel?

Co. of Kentucky, the Portsmouth inventories and work in process, and working capital.

• **Kaiser on Supply**—Somewhere around two-thirds of the steel for the two new cars being made at Willow Run may come from Portsmouth. But Kaiser made two points clear:

(1) Other suppliers (Bethlehem,

Great Lakes Steel) will be used; not all steel requirements will be provided by Portsmouth.

(2) The current arrangement whereby Kaiser's Fontana (Calif.) mill is shipping ingots to Detroit for rolling into sheet (by Great Lakes, it is understood), is merely a stopgap setup to provide steel immediately.

Only a small part of Portsmouth's capacity will be required for the Kaiser and Frazer cars; the rest will go into semifinished steel and finished items such as tie plates and wire products for open market sale.

• **Second Empire?**—Asked if Portsmouth Steel planned any further expansion, Kaiser wouldn't say yes or no. Clevelanders, imbued with the Cy Eaton legend, have been talking for days about how their hero is starting to build a second empire in steelmaking; Kaiser's "no comment" will add to their conviction that Portsmouth is Eaton's vehicle today just as Republic Steel was in the twenties.

If this actually is Eaton's plan, he will be the last person in the world to talk about it. This son of a Pugwash (Nova Scotia) grocer and one-time divinity student doesn't talk much; about business, he doesn't talk at all until his plans first have been translated into action.

Eaton was sent to Cleveland first by his mother. There, she hoped, he would fall under the influence of Charles A. Eaton, an uncle and Baptist pastor of Rockefeller's church (now a Congressman from New Jersey). But, instead of becoming more interested in the pulpit, the young Eaton fell under the eye of John D. Rockefeller, Sr.

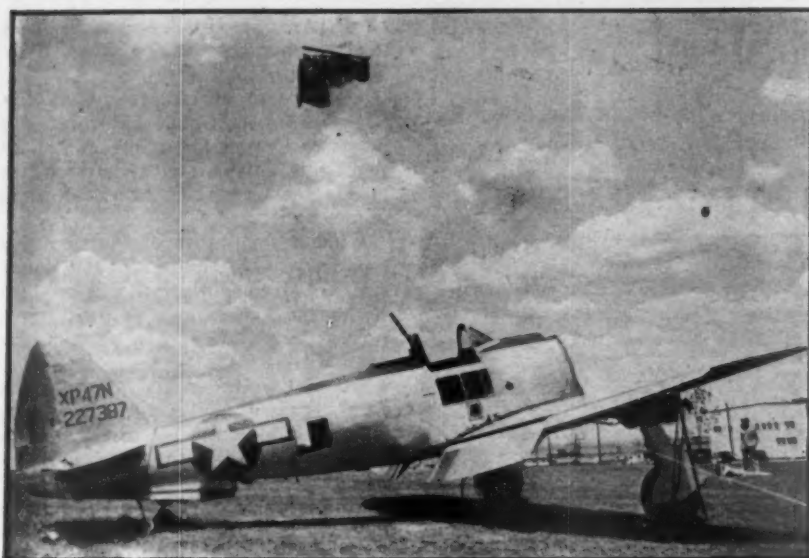
While still in college, Eaton worked



BREAD—AND CIRCUSES

Shoppers who thought they had seen everything in the way of queuing up during the war are discovering yet another variation on the familiar theme—bread lines, 1946 style (left). Meanwhile, a Detroit store has been try-

ing to take the curse off its regular meat line by providing chairs and serving coffee and doughnuts (right). OPA this week was establishing a system for rationing bread to wholesalers and retailers but not to consumers. Many individual bakeries were improvising their own methods of doling out dwindling supplies among their customers.



BLOWING UP A PILOT—TO SAFETY

To reduce fatalities among pilots who must bail out of jet planes, the Army has developed a catapult which tosses a pilot 50 ft. in the air. One cartridge ejects pilot and chair to which he is strapped; a second releases chair straps, opens a small parachute to pull chair away; a third, activated by an aneroid device, opens pilot's parachute at "safe" altitude. The catapult has been tested at Wright field with dummies (above) and in six live drops at speeds ranging up to 150 m.p.h. and heights up to 8,000 ft. Several aircraft accessory firms are interested—but only for military planes.

for the late John D. After graduation, he joined Rockefeller's East Ohio Gas Co. Through Rockefeller, he met George T. Bishop, electric railway operator.

Bishop sent him to Iowa and Nebraska to buy up options on local utility properties. And in selling securities of these concerns to the public, he became acquainted with Otis & Co.

Otis & Co. sold the bonds. In 1915, Eaton became an Otis partner. By 1928, he was Otis & Co. Today he has no title, but associates will tell you that Eaton still is Otis & Co.

Not that Eaton hasn't met adversity over the years. There are those who damn him heartily. And he lost his shirt after the 1929 crash—partly because he fought and won an epic battle with Wall Street.

• **Made His Reputation**—Most of Eaton's fame rests on the job of building Republic Steel up to the position of the country's third largest producer. And in Republic he met his temporary undoing.

He got into steel by revivifying the financially-ill Trumbull Steel Co. As the story goes, he told a skeptical board of directors: "Gentlemen, if you have any doubt of my ability to underwrite the financing, call the Cleveland Trust Co. and ask whether my check for \$20,000,000 will be honored."

In the roaring twenties, he merged Trumbull into the old Republic Iron & Steel Co. Taken on later were companies like United Alloy and Corrigan-McKinney.

• **Turned to Utilities**—While that was going on, Eaton scored financial coups in other lines. Together with the Mellon interests, he bought United Light & Power. He quietly moved into the holding company empire built up by the late Samuel Insull and made the Chicagoan pay through the nose to be sure that he shouldn't lose control of the structure that was to crash so resoundingly a short time later.

But he had less success when he set out, early in 1930, to block the merger of Youngstown Sheet & Tube with Bethlehem Steel. He won his battle but he lost his war.

• **Lost His Fortune**—The courts ruled that the merger had been conceived in sin (BW—Jan. 7 '31, p. 8). There was the great victory in principle of the industrial Midwest over Wall Street domination. But Eaton lost his personal fortune, variously estimated at \$80,000,000 to \$100,000,000. In 1933, the Chase Bank auctioned off the collateral Eaton had pledged against his loans and left him pretty nearly stony broke.

As a result of this financial smashup, one question about Eaton's interest in Youngstown-Bethlehem never was an-

swered. Many thought he wanted keep Youngstown away from Bethlehem in order to merge it with Republic. But as things stand, there is no negative Eaton's contention that he was holding out for local control of local industry.

• **Joined Forces With Young**—Little was heard of Eaton, who always has shunned personal publicity, over the next few years. William R. Daley, a lawyer and a younger man, became head of Otis & Co. It was he, along with Halsey, Stuart & Co. of Chicago, who carried the fight to Washington to force competitive bidding for new issues of utility securities.

Successful in this, Otis and Halsey Stuart went before the Interstate Commerce Commission to force competitive bidding in the railroad field as well. Here they were joined by ex-Wall Street Robert R. Young who had fought the House of Morgan for control of the rich Chesapeake & Ohio (which he thought he had secured when he bought Alleghany Corp., the big railroad holding company set up by the late Van Sweringen brothers of Cleveland).

By the time Young had got a second seat in the C. & O. saddle, he was very sour on his old Wall Street association. He loudly proclaimed that his railroad had suffered financial losses in letting Morgan, Stanley and Kuhn, Loeb, the traditional railway bankers, handle the bonds.

The Otis-Halsey-Young team made a tough combination. They convinced the ICC. And Halsey and Otis sliced a some remunerative business that previously had been Wall Street's own.

• **Guiding Spirit Again**—Most recently Otis has been one of the principals in selling some \$50,000,000 of Kaiser Frazer stock to the public. (Halsey Stuart never deals in stocks, only bonds. This adds some more new blood in the fight of the West against the entrenched East. And people in Cleveland are beginning to say, as they did in 1929, that Eaton is the country's leading financier.

For, as Otis & Co. began to come out again as a big name in the securities business, Eaton again has been on every tongue as the guiding spirit. But Wall Street will tell you, perhaps spitefully that the Otis upswing has been on the capital of Halsey, Stuart & Co.

Be that as it may, Cleveland expects 62-year-old Cy Eaton to look down one day from his offices on the 20th floor of the Terminal Tower as his own boat (Cliffs Corp.) haul his own ore (Steep Rock Mines) for his own steel company (Portsmouth). If Young's C. & O. gets part of the traffic, so much the better for Eaton; and if Kaiser-Frazer grows to an automotive power that can use most of an expanded Portsmouth's steel, so much the better still.

Dynasties Unify

New Mellon family group, like that of the Rockefellers, is indicative of a new trend in managing hereditary fortunes.

Formation of T. Mellon & Sons is the third reminder in recent weeks of a new trend in private business organizations. Most familiar is the family holding company—once prominent as a device for mitigating high income taxes but not so important in that respect since rates applicable to such holding companies were brought more closely to line with rates on individual income.

Any way you looked at it, the tribal holding company was a negative defense designed to protect big fortunes from government levies or from other dissipation. Most striking difference of the new companies is that they are intended for active participation in expanding projects. Two other resounding names have entered this category. They are Rockefeller and Whitney.

Nonprofit Group—In announcing T. Mellon & Sons on June 6, members of the famed Pittsburgh family were care-



Heads of new organizations which provide drive for great fortunes: in the usual sequence, Laurence S. Rockefeller, John Hay Whitney, Richard K. Mellon.

ful to add that it was a nonprofit organization which in its structure was neither a corporation nor a partnership. Apparently it must be catalogued as an association. Its head is Richard E. Mellon, president of Pittsburgh's Mellon National Bank. The other "voluntary members" include Ailsa Mellon Bruce, Sarah Mellon Scaife, Paul Mellon, and W. L. Mellon.

The firm perpetuates the title of the family's first banking house, founded by Thomas Mellon (1813-1908).

As a research body, T. Mellon & Sons

will study new possibilities for investment, giving particular attention to technological progress in such fields as chemistry and physics. Activities will not be kept secret but will "prove beneficial" to the general public and to "stockholders interested in companies in which members of our family have investments." Social and economic factors will be considered.

• **A Coordinating Device**—The setup provides for better cooperation among members of the powerful Mellon family. Some of the Mellons are away from Pittsburgh for long periods, others live in distant cities. Thus they are often unable to reach mutual decisions affecting the family fortunes when speed is required. The new organization furnishes the needed mechanism. It may avert or resolve such embarrassing contradictions as this:

One of the prime income producers on the Mellon string is integrated Gulf Oil Corp. It is in the struggle for competitive retail outlets with all four feet. Gulf fights to get strategic stations on main highways. But the multiplication of such stations is opposed by aesthetes on city, county, and state planning boards. They favor limiting these gasoline oases as is done on the de luxe Pennsylvania Turnpike. The Mellons help support the planning groups, financially and otherwise. Here, then, is a clash that the new organization may be able to compromise.

• **Pittsburgh Emphasis**—Pittsburghers welcome the Mellon cooperative for other reasons. Fellow citizens take the formation of T. Mellon & Sons as an indication that the Mellon youngsters will keep their Pittsburgh interests and residences.

P. J. Hyland, secretary of the new organization, says specifically that its most significant function will be to consolidate the interests of the younger Mellons in Pittsburgh.

• **More Compact**—In the case of the Rockefellers, the cooperative apparatus is more compact. It is the Rockefeller



RUBBER SPRINGS TO TAKE OUT THE BOUNCE

Anxious to prove the adaptability of rubber springing to passenger cars, B. F. Goodrich has built the BFG Special (above), embodying advanced engineering ideas. Exhibited to automotive engineers at French Lick last week (BW—Jun. 46, p41), the hand-made model, using several makers' parts, features independent springing on all four wheels, hydraulic steering, a Koroseal-plastic interior, and new small tires, 6.00 by 14. The springs, first exhibited at the World's Fair in 1939 and used extensively during the war are standard equipment on Devin Coach buses. Goodrich has produced over \$4,000,000 worth.

Brothers Co., a limited partnership. Members are the six children of John D. 2nd—John D. 3rd, Nelson A., Laurence S., Winthrop, David, and Mrs. Abby Rockefeller Milton. Laurence heads the group. Object is the making of specialized joint investments. The partnership will investigate and finance new projects. It will also manage such investments.

• **Deluge of Ideas**—Headquarters of Rockefeller Brothers in Rockefeller Center, New York, was appalled by a flood of proposals, the majority of them in the perpetual-motion or electric-back-scratcher classification. About 400 ideas were submitted within a few weeks after the original announcement.

The partnership is the second established by the brothers. In 1940 they created the Rockefeller Brothers' Fund. Its purpose is to investigate and report on philanthropies so that the members can make intelligent donations.

• **Whitney's Company**—Something akin to the Rockefeller investment partnership is the corporation formed by John Hay (Jock) Whitney to celebrate his return to civilian life from the Army Air Forces (BW—Feb.23'46,p70). He organized J. H. Whitney & Co. to supply risk capital and to help develop medium and small enterprises.

During the boom, Whitney's holdings were estimated at more than \$100-million. He has plenty left to lubricate the finances of small business. Moreover, his investments will be expected to carry the "Whitney luck,"

which is a byword at tracks where his racehorses are entered.

• **Bing Crosby, Inc.**—Another thoroughbred fan who formed a family corporation to help simplify his struggle with great riches is Bing Crosby, the fabulous crooner of radio, the movies, and the juke-box trade. "Der Bingle" does not have to worry over the presentation of a vast inheritance but the income from his plush and pleasant baritone is so great that he almost approaches the status of an industry. He markets his services through Bing Crosby, Inc.

The Crosby Investment Corp. handles his securities, which are held mostly for the benefit of his four sons.

Crosby grosses over a million a year from the movies, radio, and records. He has large holdings in Los Angeles real estate, a 10,000 acre cattle ranch in Nevada, part of another big ranch in Argentina.

• **Racehorses, Too**—Crosby also breeds racehorses and sells them. He owns stock in the Del Mar Turf Club. He has a movie producing company (one of his releases was "The Great John L.," which did very well in the box offices).

In the family corporation, Pop Crosby handles the real estate and a variety of other enterprises, brother Everett is general business manager, and brother Larry dispenses public relations. If the four young Crosbys ever decide to go in for the dynasty business, they will find the legal framework ready for continued operation.

For Sale at Site

Disposal of surplus goods may be speeded WAA's new plan. Buyers may travel to merchandise location

The War Assets Administration and its predecessors have been constantly bedeviled in their job of liquidating billions of leftover war goods by conflicting objectives—equity and speed. At the same time that they were expected to move the goods into the public's hands without delay, they were supposed to insure that everyone—merchman, little businessman, dealer, municipality—got a fair crack at war surplus bargains. Emphasis in WAA planning has mostly leaned toward equity, because there was always a congressional tendency to go to bat for a constituent who didn't think he'd had a square deal.

• **Emphasis on Speed Now**—But this month Administrator Edmund Gregory is swinging his organization toward speed. He is doing it with a program of "site sales"—starting this month with 90 under way. The schedule is due to rise to some 700 sales by August.

The basic idea of the site sales is to sell the goods where they are, with effort to spread them equitably around the country. A sales force will be set up at each spot where there's a substantial stock of surplus—at WAA warehouses, at Army and Navy installations, at industrial plants—and give almost complete authority over pricing and sales procedure to the local staff.

Up till now, WAA has been trying to organize things so that a buyer could go to his nearest regional office and range to buy almost anything. Now, a regional office can tell him where sales are being held, but if he wants to buy, he will have to go where the goods are. But, WAA officials believe, when he gets there he will find buying much simpler and faster. It's a switch from selling across a desk to selling across a counter.

• **Simple Procedure**—Here's how it works:

WAA field men will move into an aircraft plant, say. They'll check the inventory, price it, divide it up into broad classes—used machinery, textile inventories, metal inventories, etc. If the happens to be an Army clothing depot across the street they'll combine what's there with what's at the factory. Then they will announce a series of sales—sale of textiles, a sale of machinery, etc.

At the sale, a buyer will look at samples, if he's buying standard items, look at the goods themselves in the case of used machinery and the like. He will fill out an order form covering

Justice Dept. May Reopen Geneva Bidding

Last week Utah's Senator Abe Murdock forewent a good political campaign appearance at the state Democratic convention to remain in Washington. This gave immediate rise to gossip that the Justice Dept. will turn thumbs down on U. S. Steel Corp.'s bid for the \$202 million Geneva steel plant because it "would tend to create a monopoly"—and that Murdock, with assistance of Nevada's Senator Pat McCarran, was putting pressure on Justice to approve the bid.

• **Next Step**—Rejection of Big Steel's \$47,500,000 offer, already approved by the War Assets Administration (BW—Jun.1'46,p20), would not automatically throw Geneva to Colorado Fuel & Iron Corp., the second major bidder, as C. F. & I. backers fondly hope. Instead, WAA would call for new bids. Then C. F. & I. could take its chances on the revised, more attractive offer which it has prepared.

Except in Colorado and contiguous states, C. F. & I. isn't too warmly regarded by many westerners, possibly because of its tie-up last year with Wickwire Spencer Steel Co. through Charles Allen, a New York broker who, with associates, controls the merged companies (BW—Oct.13'45,p80). There is talk that the old idea of forming a western syndicate to bid on Geneva may be revived. Such a move was discussed last fall (BW—Oct.20'45,p19) by the Western States Council's steel committee, headed by K. T. Norris. The steel group subsequently endorsed U. S. Steel's offer for Geneva.

• **Purchase Offer**—The new C. F. & I. bid, which it had hoped to substitute for its original offer, calls for outright purchase instead of lease. The company would pay \$40,000,000, spend another \$20,000,000 for reconversion. A separate corporation, publicly financed for the most part, is proposed.

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Take that load off your shoulders!



Take a cake of ice, or a pair of shoes, or a carload of cigarettes—Are they off your shoulders after they're sold—Or weighing down your office in paper work?

MOST OFTEN, the burden of accounting for all these items goes on long after the merchandise departs. There are sales analyses by types and quantity and value to draw up. Daily inventories to check, stock movements to record, statements to make. Fig-

ures are copied and copied again. Sorted and filed and searched for. Precious hours are frittered away. Costs soar way out of line.

By means of Comptometer Peg-Board Methods, you can take that load off your shoulders—simply, sensibly. *Original records produce final results.* Comptometer Peg-Board Methods are being utilized now by forward-looking business—small as well as large—to effect almost unbelievable savings.

They're used in handling payrolls, production control, distribution of labor and expense, financial

reports and scores of other accounting problems.

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Adding-Calculating Machines and Methods



How many men?

There are loads up to two tons to lift. Electric current is not available. With a 'Budgit' Chain Block *one man* lifts, carries and hangs it wherever it serves him best. This is not true of any other 2-ton capacity chain block of similar type.

One man lifts up to 2 tons with the minimum of effort.

Easy lifting with a 'Budgit' Chain Block is due to modern design, anti-friction bearings throughout, and all working parts—including the automatic load brake—operating in grease in a sealed housing.

Amazingly light-weight is due to the radical improvements—the first in 50 years of chain blocks—to steel stampings and special alloys.

Wherever there must be hand-lifting, install 'Budgit' Chain Blocks.

'Budgit' Chain Blocks are built to lift up to ¼, ½, 1, and 2-ton loads. Prices start at \$59.50 list. Send for Bulletin No. 367 for more detailed information.



'BUDGIT'
Chain Blocks

MANNING, MAXWELL & MOORE, INC.
MUSKEGON, MICHIGAN

Builders of 'Show-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments.

everything he wants, turn it in to be checked against inventory, get it back 20 min. or half an hour later, give the cashier his check, and arrange for transportation.

• **Auction Is Last Resort**—If there's much left over after these sales, it will be marked down and offered again. If it still doesn't move, it will be auctioned. If that doesn't work, it'll be junked. But it won't be transferred to another site.

Site sales are to be the standard method of disposal except for plants and other real property, veterans set-aside goods, aircraft, and items on which there's a national sales program. This last covers some 120 standard commercial items—cuspидors, cast-iron radiation, closet bowls—of which there are large supplies and which have to be fed to the market carefully.

• **May Displease Veterans**—The new program is being hailed as a tremendous simplification by major commercial buyers. But it remains to be seen whether it can ride out the inevitable storm of protest from veterans and small businessmen who find they have to travel say to Salt Lake City (a center of surplus storage) to buy certain types of surplus goods.

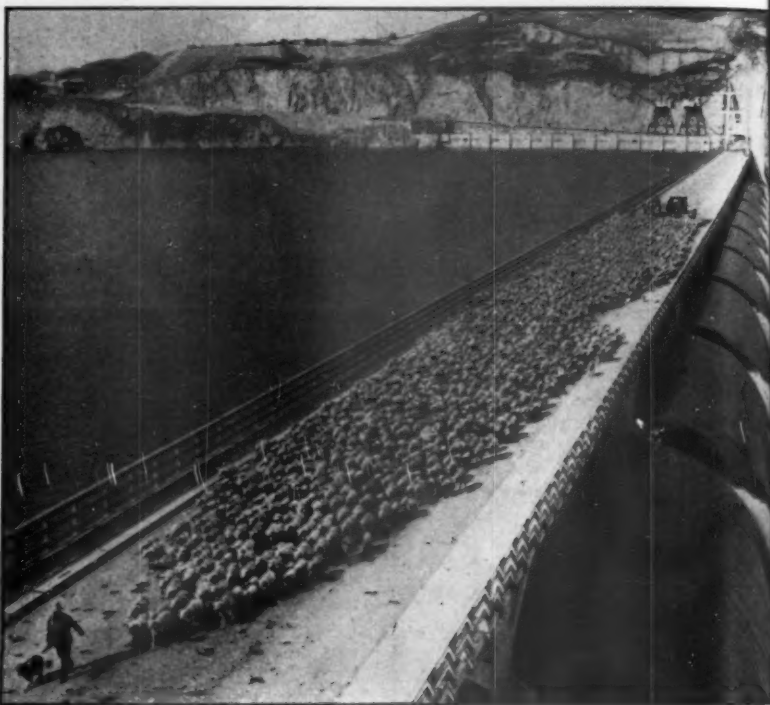
Trusts Redefined

Tobacco decision sets principle that actual exclusion of competitors isn't essential to prove Sherman Act guilt.

By scoring a double Supreme Court victory this week in the famed Three tobacco antitrust suit (BW-N 8'41,p17), the Dept. of Justice now is in the position of being able to give business bigsters a real case of the jitters.

Victory No. 1 is that the high court, by a 6-0 decision, indirectly affirmed that American Tobacco, Liggett & Myers, and R. J. Reynolds are guilty on four monopoly-conspiracy counts, and are subject to fines aggregating \$255,000. Unless a rehearing is granted, this winds up Justice's so-called "perfect" antitrust action, engineered originally by Thurman Arnold, who has been a winner in every court.

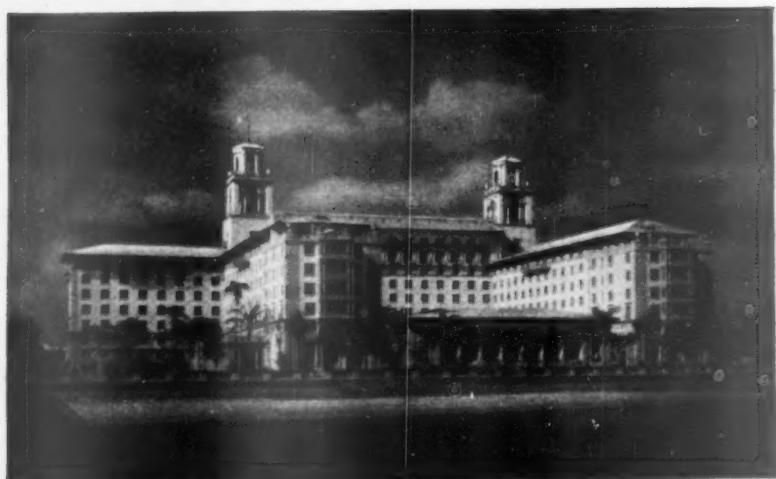
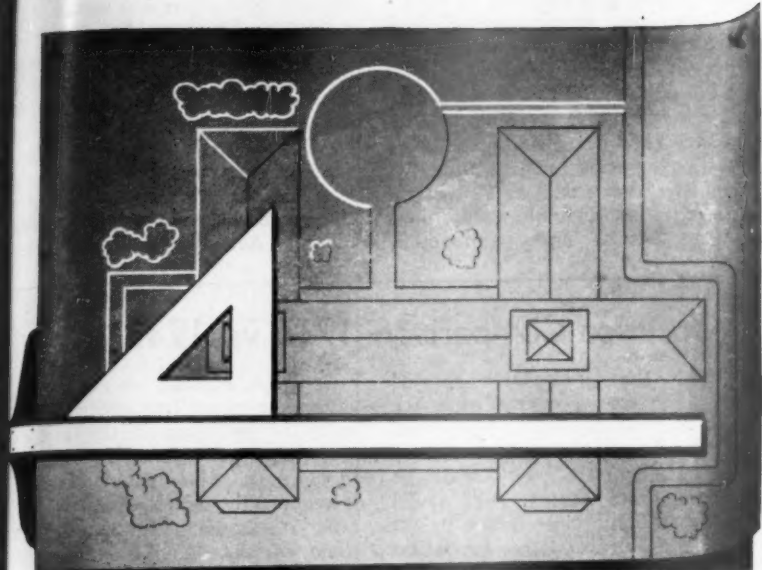
• **Of Wider Significance**—Victory No. 2 is double-barreled, and of far wider significance. In its ruling on the tobacco case, the Supreme Court simultaneously held (1) that, under certain circum-



SAFE PASSAGE OVER A RIVER BARRICADE

While 2,000,000 gal. of water a second plunge over the crest of the Grand Coulee dam barrier, Wash., woolgrower Joe Hodgins (above) leads his 2,500 sheep safely across the 4,300-ft. roadway atop the dam to summer grazing grounds. Every spring, Hodgins obtains permission from the Bureau of Reclamation to make this pilgrimage. And in the time it took the herd to cross enough water to float a fleet made the 320-ft. leap to the Columbia River below.

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The Breakers, Palm Beach, Fla.

Schulze & Weaver, Architects

DIFFERENCE: 2.1%

If you have ever built, you probably know all too well that the estimated cost and the finished cost can vary widely enough to be embarrassing.

It is a matter of record with the Turner Construction Company, that on a "sampling" audit of two hundred and thirty-eight representative jobs, over a 19 year period—from 1922 to

1940, peace time years—ranging in size from \$50,000 to \$7,000,000 and costing in the aggregate \$138,400,000, the average difference between Turner's estimated cost and Turner's finished cost amounted to only 2.1 per cent.

Most important, *this 2.1 per cent represented a net saving to Turner clients.*

While the war is over, under to-

day's unsettled conditions it is not possible to estimate as closely as this. But the experience, resourcefulness and sound management resulting in such close estimating are still available in the Turner organization—and are of even greater importance today in a market where the widest variations in cost are not exceptional.

TURNER CONSTRUCTION COMPANY

FOUNDED 1903

BOSTON • NEW YORK • PHILADELPHIA

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NEVER before have so many new families been starting new households.

It's in this active homemaking stage that they become Better Homes & Gardens readers. 7 out of 10 new-home-building families in 1940 read BH&G regularly.* But BH&G is written for complete homemaking—everything from canned soup to cars.

Does this throw BH&G into a brighter light as your highway into the millions of new households that are getting under way?

*F. W. Dodge Report survey

AVERAGE CIRCULATION 2,650,000

**THERE'S
market
NO A PLACE
LIKE HOME**

—and no place like Better Homes
& Gardens to sell everything that
goes into homes



stances, a defendant may be guilty of both "conspiracy in restraint of trade" and "conspiracy to monopolize" and still get no protection from the Fifth (or "double jeopardy") Amendment to the Constitution, and (2) that transgression of Sec. 2 of the Sherman Act is possible even though accused didn't run his competition out of business.

It is this latter ruling that's the real bombshell. For heretofore the most common defense against monopoly

charges has been proof that competition had not been liquidated or hindered. • **Burton's Language**—But now the Supreme Court has weakened that state materially. "The precise question before us," wrote Justice Harold H. Burton, "has not been decided previously by this Court . . . that question whether actual exclusion of competition is necessary to the crime of monopolization in these cases under Sec. 2 of the Sherman Act. We agree with the lower

Auto Price Comparison: 1946 vs. 1942

With the latest OPA-approved price increases, here are what the 1946 automobiles listed below will actually cost the buyer, delivered in Chicago, compared with what he paid for the equivalent 1942 model in that city. All prices include freight from factory to Chicago, federal excise taxes, handling and delivery charges, and the 2% Illinois sales tax on the full retail price. (If the buyer has a used car to trade in, the Illinois sales tax is figured only on the difference between the trade-in allowance and the retail delivered price.) Handling and delivery charges

include gas, oil, and all other preparation necessary (no antifreeze) to make the car ready for delivery.

Only the extras listed are included in the price. Many cars are coming through to the dealers equipped with other accessories, even including in some cases heaters, or radios for which the buyer must pay extra. In practice, if the customer wants delivery now or at any foreseeable date, he buys the extras.

The 1942 price is on the new models brought out in 1941, before OPA price ceilings and rationing became effective on 1942 cars.

Model	1942 Delivered Price	1946 Delivered Price
Chrysler (6 cyl.) 2-door Royal Brougham....	\$1,396.10*	\$1,571.62**
Plymouth (6 cyl.) 2-door deluxe sedan.....	1,011.84	1,142.96*
DeSoto (6 cyl.) 2-door deluxe sedan.....	1,317.84*	1,461.97**
Dodge (6 cyl.) 2-door deluxe sedan.....	1,143*	1,304.73*
Pontiac (6 cyl.) 2-door Torpedo sedan.....	1,057.74	1,206.66
Chevrolet (6 cyl.) 4-door Stylemaster.....	899.98	1,051.09
Ford (8 cyl.) Tudor deluxe.....	962.00	1,107.24*
Mercury (8 cyl.) 2-door sedan.....	1,162.00	1,360.05
Lincoln (12 cyl.) 4-door regular sedan.....	1,898.00	2,142.14
Nash 600 model (6 cyl.) 4-door sedan.....	966.96*	1,242.52**
Packard Model 120 (8 cyl.) 4-door sedan.....	1,435.00	1,773.78
Hudson Super-Six 2-door Brougham.....	1,211.99	1,359.26
Buick Model 41 (8 cyl.) 4-door Special sedan..	1,252.56	1,405.56*

*Price includes fluid drive-hydromatic transmission, \$70 (optional on 1942 cars).
**Price includes fluid drive-hydromatic transmission, \$79.60. (All cars being delivered now are equipped with this extra.)
*Includes right-hand windshield wiper and sun visor, \$6.55 (standard equipment on 1942 model).
*Price includes fluid drive-hydromatic transmission and bumper guards, \$71.40 (optional on 1942 models).
**Price includes fluid drive-hydromatic transmission and bumper guards, \$99.25 (all cars now equipped with these features).
*Both prices include fluid drive, front bumper guards.
*Price includes oil bath air cleaner and oil filter.
*Price without Group I accessories now standard equipment, \$47.00 additional on 1942 model.
**Price includes Group I accessories: deluxe wheels, double windshield wipers, clock and sun visors.

*This price does not include assorted optional factory-installed extras on 1946 models radio and antenna, \$74.59; heater and defroster, \$50.05; windshield washer, \$4.95; clock, wheel moulding, license plate frames, \$24.80; special steering wheel, \$15; Porcelainized coating job, \$12. However, most 1946 cars reach the dealer already equipped with these extras, which he has ordered the factory to include. If the customer insists on buying the car without these extras, the dealer will strip them off before he makes retail delivery.

competition that such actual exclusion of competitors is not necessary to that crime. The result of this precedent, mostly now may be established merely by the accused parties have it in their power "to exclude competition when it is desired to do so." In short, the exercise of power through conspiracy—the actual use of it—is the new criterion for monopoly, and with that latitude the Justice Dept. presumably has a correspondingly better chance of winning the monopoly cases it is piling up. No Consent Decree—Meanwhile, the tobacco trade is ho-humming the effects of the decision on day-by-day operations. The rehearing of the case and a different decision would, of course, put a new complexion on everything. But even if the current verdict stands, there is no consent decree hooked to it, and trade analysts prophesy that the total effect won't be anything spectacular.

Wanted: Rail Cars

Builders of rolling stock (passenger and freight) strive for full production to whittle a record backlog of orders.

Activity of the world market for rail equipment was underscored heavily this week when Railway Car Export Corp. signed papers with the Federal Trade Commission.

The new corporation, formed under the Webb-Pomerene Export Trade Act, is an association of seven companies interested in selling freight cars and related equipment. Participants are American Car & Foundry Export Co., Pullman-Standard Car Export Corp., Motor Car Export Corp., General American Transportation Corp., Ralston Steel Car Co., Greenville Steel Car Co., and Pressed Steel Car Co.

Piece of Business—Indicative of the proportions of the business that is to be traded is the fact that foreign orders for United States freight cars amounted to about \$100,000,000 (more than 43,000 cars) on June 1. At the same time, domestic orders called for more than 100,000 freight cars, a backlog estimated at \$120,000,000 plus. (The average American car, of course, is a larger unit.) The passenger coach backlog is, in dollars, even more impressive. According to the American Railway Car Institute, the railroads had \$250,000,000 worth of passenger cars on order as of June 1. These included 924 coaches and combinations, 764 sleepers, 265 cars, and many special jobs.

A Case in Point—A case study in the comparisons which are being made to in on the war accumulated demand

Where other insulations often fail . . .

PC FOAMGLAS DOES THE JOB...PERMANENTLY

ONE of the commonest complaints lodged against many insulating materials is this: that they lose insulating efficiency with the passage of time.

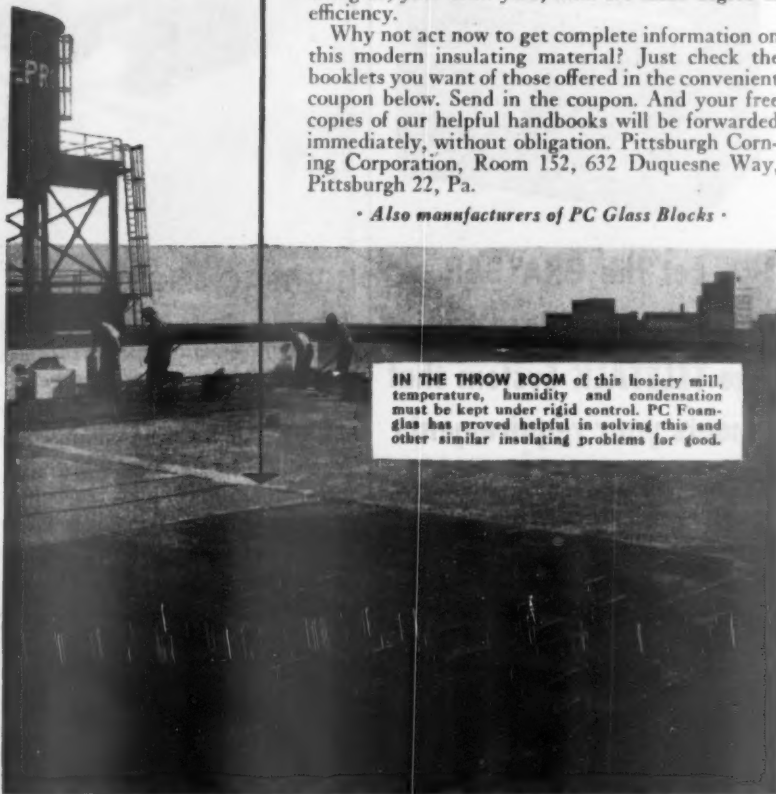
When you use PC Foamglas insulation in your plant, you need never fear that this will happen. For PC Foamglas insulates not only effectively and economically, but also *permanently*.

PC Foamglas is composed of millions of tiny air cells, sealed in glass. It is impervious to moisture, vapor, the fumes of most acids. It will not burn. It repels vermin. It will not swell, or shrink, or rot, or check. It is unaffected by elements which cause many insulating materials to deteriorate.

PC Foamglas insulation begins, the moment it is installed, to help you control temperature and condensation in your plant. And it goes right on doing so, year after year, with the same degree of efficiency.

Why not act now to get complete information on this modern insulating material? Just check the booklets you want of those offered in the convenient coupon below. Send in the coupon. And your free copies of our helpful handbooks will be forwarded immediately, without obligation. Pittsburgh Corning Corporation, Room 152, 632 Duquesne Way, Pittsburgh 22, Pa.

• Also manufacturers of PC Glass Blocks •



IN THE THROW ROOM of this hosiery mill, temperature, humidity and condensation must be kept under rigid control. PC Foamglas has proved helpful in solving this and other similar insulating problems for good.

THIS WON'T HAPPEN HERE



You don't have to figure on repairs or replacement when you insulate your roof with PC Foamglas. Even a break in the roofing felt that exposes the insulation to rain or melting snow will not cause PC Foamglas to flake, crack, rot, check, warp, swell or shrink. In addition, it forms such a firm, even base for roofing felt that such breaks rarely if ever occur.

Pittsburgh Corning Corporation
Room 152, 632 Duquesne Way
Pittsburgh 22, Pa.

Please send me, without obligation, your free booklets on the use of PC Foamglas insulation for:

Roofs..... Walls..... Floors.....

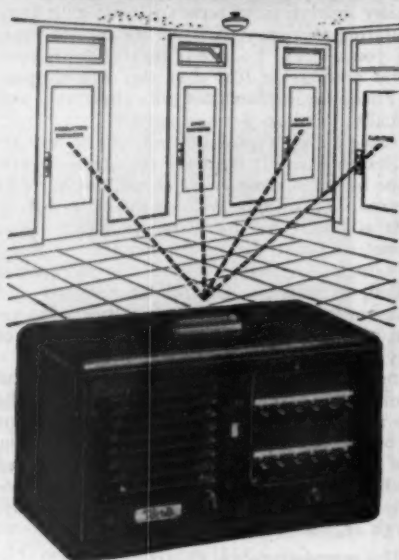
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Graybar specialists are well versed regarding the features and varied models of "Teletalk" and will welcome an opportunity to give you the complete story on this intercommunication system.

Check your phone book for the nearest Graybar Branch. If you do not find it listed in your city, write to the address below.

GRAYBAR ELECTRIC COMPANY, INC.

Graybar Building, New York City



for rail equipment is provided by Pullman-Standard Car Mfg. Co.

When a federal court ordered Pullman, Inc., to get rid of one of its two major subsidiaries (BW-May 13 '44, p26), the parent's choice was quickly made. It was the Pullman Co. (operator of most U.S. sleeping cars) which went on the auction block.

Pullman-Standard was retained for pretty obvious reasons. As a manufacturing unit, it was more adaptable to future change. It had consistently produced a better return on invested capital in recent years, even before war work swelled its volume. And nobody could overlook the fact that dammed-up de-

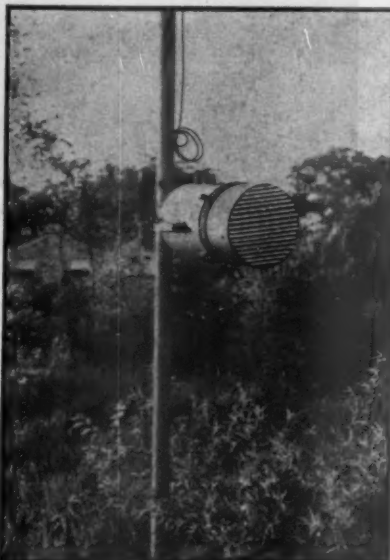
mand had virtually underwritten a prosperous postwar decade for car building. **• Carry at the Helm**—It was an awareness of the rail equipment market's potentialities which prompted the directors of Pullman, Inc., to act this spring to keep in the family one of their management men. Six-foot, 50-year Champ Carry (page 8), who had served with the car-building subsidiary before he became executive vice-president of the sleeping car operating company, was made president of Pullman-Standard (BW-Apr. 6 '46, p53).

Pullman-Standard's total orders, passenger and freight, on June 1 were \$200,000,000. The company is the



LIGHTS TO BRIGHTEN, NOT FRIGHTEN

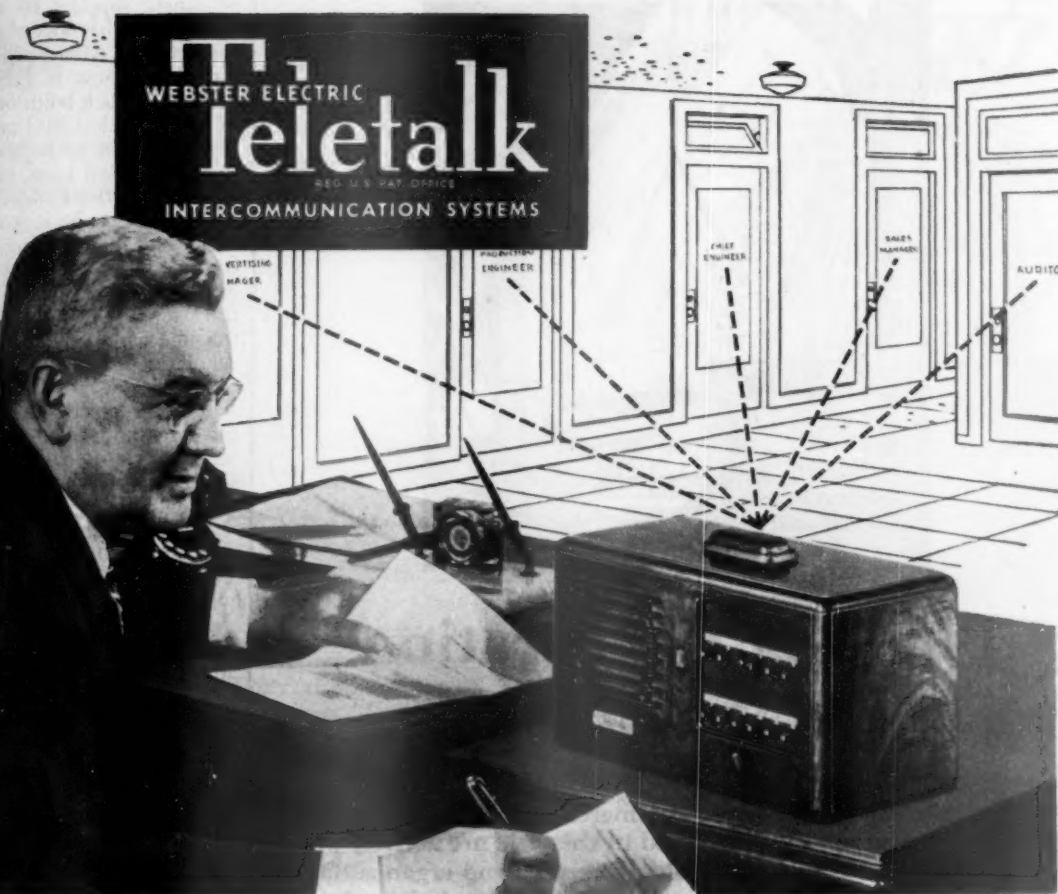
To reduce glare and minimize collision damage, Cook County (Chicago) highway engineers are experimenting with two new types of highway lighting fixtures. On a 1,000-ft. stretch of road (above), they have installed special louvered Navy-type searchlights with 300-watt PS-lamps fitted with flame shields. The lights are mounted on pipe pylons 6½ ft. above the ground (left). A second experimental unit uses a 6½-ft. hollow wood pylon (right) housing a mirror that directs louvered light from a 200-watt lamp down on the highway. The lightweight pylon collapses on impact to reduce collision casualties. Cooperating in the installation are Commonwealth Edison, Public Service of Northern Illinois, Illinois Northern Utilities, and Western United Gas & Electric.



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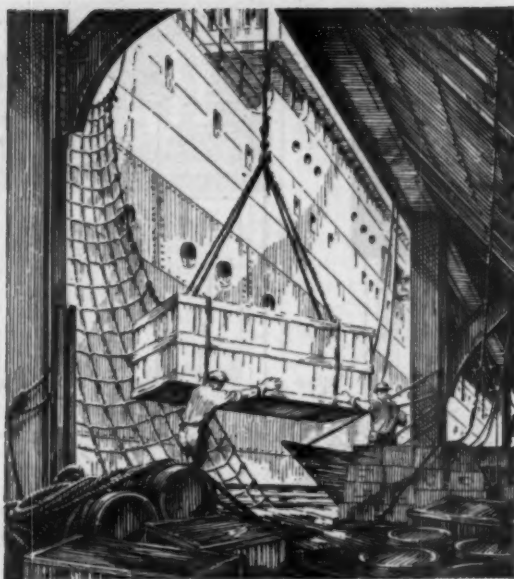


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est single supplier of railroad rolling stock, but it has lots of able, aggressive competition. Always pressing on passenger car business is Edward G. Budd Mfg. Co., which holds orders for seven hundred stainless steel cars and is spending \$3,000,000 to expand and improve its plant at Red Lion, Pa.

• **A Competitive Field**—There are other major outfits to be reckoned with whose business is in the offing. Passenger car contracts are fought out among American Car & Foundry Co., Pressed Steel Car Co., and St. Louis Car Co. While freight car orders are in the wings, A.C.F., Pressed Steel, and Pullman Standard join in a battle royal with Bethlehem Steel Co., General American Transportation Corp., and several smaller or regional operators such as Greenville, Magor, Pacific Car, and Ralston.

Right now the freight and passenger car manufacturers are waiting out some short-term difficulties as strikes at suppliers' plants and shortages of materials. Once the current production difficulties are overcome, car builders expect to operate at capacity.

• **Need Is Urgent**—Rolling stock took a terrific beating during the war, with few replacements and a minimum of maintenance. Except for 2,400 special built troop sleepers, no passenger cars were made after 1942. Now, their competition from air, highway, and water transport keener than ever, the roads want new, improved equipment as rapidly as the makers can turn it out (B.V.—Apr. 6 '46, p. 19).

Current passenger car deliveries are slow, but by this summer car builders hope to be filling their orders at the rate of \$1,000,000 a day. They expect to sell 10,000 passenger cars during the next five years, since out of the 38,500 cars now on U. S. rails, more than half are over 25 years old and another 37% are 15-20 years old.

More than 30% of the nearly 2,000,000 freight cars now owned by Class I carriers are over 25 years old. The means that roads probably will order up to 150,000 new cars this year, at least 400,000 within five years. By April, equipment manufacturers had been able to deliver only 8,000 new freight cars for domestic lines.

• **Plant Modernization**—In an earlier move to boost production, Pullman Standard carried out at six plants a \$10,000,000 modernization program that increased its passenger car capacity to seven a day and its freight car potential to one every three minutes. The company now claims the world's largest straightline passenger car assembly installation at its Pullman plant in Chicago, and a similar distinction in freight car manufacture at its Bessemer (Ala.) factory.

Pullman-Standard's June 1 orders in

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TORMS ALONG THE LAKE FRONT

Over the permeable jetties (above) installed last year along Cleveland's lake front (BW—Aug.25'45,p54), a hot controversy rages. Question is whether they are doing their job of halting erosion, forming a beach by trapping sand washed up from Erie's bed. In all, the jetties, designed by Sidney Wood, Lake Bluff, and installed by Ralph M. Walton Co., cost some \$115,000. Now City Engineer John Wenrick, backed by Service Director Samuel David, says the groins have failed miserably. New ones will be tried out this summer—at a construction cost of \$10 per ft. compared with \$4 per ft. paid for the present groins. Other city officials insist the jetties have done everything expected of them.

cluded 7,323 freight cars, all types, for domestic customers, and 11,700 for export. The company has delivered since Jan. 1 Day 6,110 freight cars to domestic customers (3,834 of these since Jan. 1) and 90 to foreign customers, all of these this year.

Passenger Car Orders—Early this spring, Pullman-Standard completed its first postwar passenger equipment—20 lightweight coaches for the Chicago & North Western R. R. "400" fleet. Lightweight passenger cars on order alone totaled 1,258. Of these, domestic customers will take 534 sleeping cars, 69 other types, export will get 35. The sleeping car backlog falls just short of the total output of the company in the 1933-42 decade.

Of the sleepers, 177 are duplex roomette cars, with space staggered on two levels. These provide a maximum of 4 private rooms for single occupancy at a cost only slightly greater than that of a lower berth. Also on order are 100 "Day-Nite" coaches, with chaise-longue seats, and six of the new-type sleepers with diagonal seating.

Economy Room—Several roads have purchased Budd's new "cabin" cars, which provide 22 private single-occupancy rooms on one level. Budd also has designed a "budgetette" car with 32 such rooms on staggered levels. This equals the maximum number of beds

provided by the largest open-section cars.

Most railroad men believe that (1) freight revenues will benefit from an increase in passenger traffic, and that (2) the carriers can make money out of passengers if they go after the business with good service and up-to-date equipment. Hence, railroaders are talking of glamorous new streamliners to be put on the rails as soon as equipment is available.

But car builders emphasize that present orders are principally for modern replacement equipment. The real frills will come later—recreation cars, junior club cars for children, long-distance telephone service, individual radios, and many other features.

An exception is the Astra Dome car, with a glass-enclosed observation compartment in the roof (BW—Jul.28'45, p55), which is already scheduled for inclusion in several new trains.

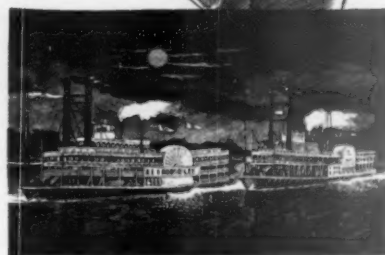
• **Lighter and Prettier**—Freight cars are the apple of the railroader's eye, for they produce 80% of all rail revenue. New freight car designs are esthetically more pleasing—like New York Central's Pacemaker freight (BW—Apr.27'46, p28)—and also lighter and thus more economical to operate.

Railroad men estimate that a reduction of one ton in deadweight haulage means an annual saving of \$12 a car. Elimination of, say, five tons from the



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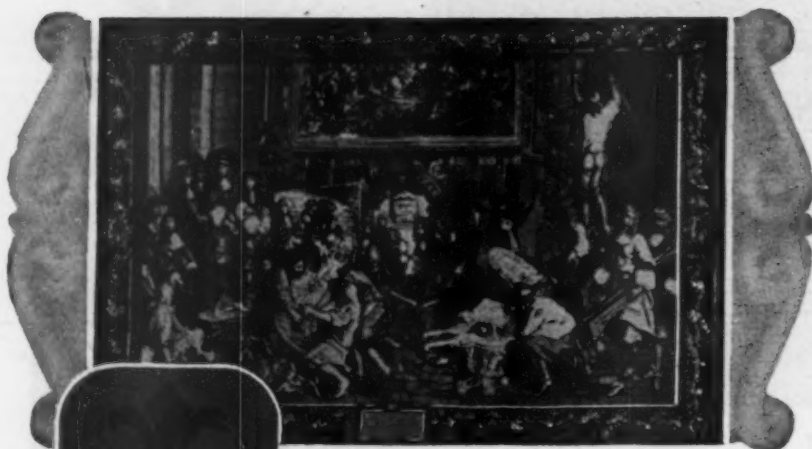
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weight of a standard 50-ton box car with no change in the life, cost, or maintenance of the unit, would save \$60 in a year's operation. Recent research, consequently, has sought to cut the freight car's weight while retaining, or even increasing, its strength and carrying capacity, but without raising its investment cost sufficiently for increased depreciation and interest charges to eat up the saving in operating expenses.

• **A Problem**—In view of their present inherently higher initial cost, the radically lighter freight car designs encounter one economic obstacle. When the light-weight car leaves the owner line its operating economies accrue not to the owner but to the road that is using it.

To overcome skepticism about investing in economy for the other fellow the car builders are concentrating on finding weight reduction methods which least increase the initial cost. Welded construction (instead of riveting) eliminates overlapping joints. Use of high tensile steel has reduced deadweight by 2½ tons a car.

• **Hollow Axle**—Another recent development is Pittsburgh Steel Co.'s hollow axle, which saves half a ton in each chassis. An experimental refrigerator car put into service this spring by Illinois Central System has cotton insulation that cuts weight by 1½ tons.

Plywood and aluminum have also been combined with steel to produce lighter cars, and the aluminum industry anticipates wide use of aluminum alloys as soon as prices can be brought down.

Change of Plans

General Motors' expansion program may be altered to enlarge the corporation's own facilities for parts manufacture.

General Motors Corp. is sufficiently worried over the continual strikes bedeviling its parts suppliers (BW—May 25'46, p100) to think of modifying its postwar expansion plans to make provision for enlarged output of components. Such a move would bring the output of essential parts under one union contract, in this case the G.M. agreement with the United Auto Workers (C.I.O.).

• **Additions Predicted**—Alfred P. Sloan, Jr., chairman of the corporation, has told stockholders that castings in particular have been short. This led to speculation that most of the G.M. parts facility expansion would consist of additions to existing facilities. Since General Motors normally builds at least a small share of practically all the parts



Soon There'll Be Trainloads

HOME OLA manufactured-houses are springing up (almost overnight) everywhere across the country—bringing joy and comfort to hundreds of G.I.s and their families. For the past three months HOME OLA has been shipped by the carload . . . and production planned for trainloads as quickly as capital expansion permits.

The livability and economy of HOME OLA is due to the experience and "know-how" acquired through designing more than 9000 manufactured-houses during the past 14 years. Delivered at the owner's lot, all the HOME OLA factory-machined, precision parts average only about \$3500 in price, depending on weight. Assembly of the parts according to simple instructions by local labor should take no more than 100 man hours, and only furniture, refrigerator and kitchen stove are required before moving in.

HOME OLA is sold by local lumber dealers through whom assembly can be arranged. They are your neighbors; they use local labor and local financing. They will give you service.

Jacques Willis, head of The Home Ola Corporation, "granddaddy of prefabrication" built his first prefabricated house in 1932 and has designed over 9000 homes of this type. He says, "As soon as working capital problems are solved there's no reason why present production of 10 houses daily cannot soon be increased to 100 houses per day—we have the materials, the labor, the plant facilities, the dealers and the experience."



* These are some of the places where you can see Home Ola now—California: Bakersfield, Burbank, Long Beach, Temple City. Colorado: Colorado Springs, Denver, Grand Junction. Idaho: Twin Falls. Illinois: Alton, Bloomington, Champaign, Chicago, Evanston, Freeport, Joliet, Rockford, Naperville. Indiana: Highland, New Haven. Iowa: Okaloosa. Michigan: Lansing, Muskegon Heights, Owosso. Minnesota: Rochester. New Jersey: Fairlawn. New York: Batavia, Carmel, Corning, Rome. Ohio: Akron, Alliance. Oklahoma: Blackwell. Wisconsin: West Allis. Wyoming: Rawlins.



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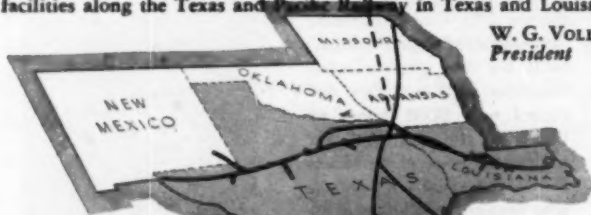
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The Southwest possesses 82 per cent of the Nation's proven petroleum reserves, produces 67 per cent of the Nation's natural gas, 99 per cent of the sulphur, and 94 per cent of the bauxite. These are but a few of the minerals in this vast reservoir of natural wealth.

But the eyes of industry and business are focused on the Southwest for other reasons, too. Its excellent transportation facilities serve an ever-expanding domestic market, and are linked with great ports that serve the ships of all nations. Skilled workers live, play and prosper the year 'round in its healthful, mild climate. In the Southwest there's room for expansion—there's the right location you have been looking for.

The Texas and Pacific Railway Company is prepared to cooperate fully with firms planning the expansion of their plants or the establishment of new plant facilities along the Texas and Pacific Railway in Texas and Louisiana.



W. G. VOLLMER
President

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going into its cars, enlargements would probably solve present problems better than brand-new plants.

Other advantages are involved in added parts production. Within limits and when linked intimately with manufacturing, parts output has been found more profitable for an automobile company than the actual building and sale of cars. One reason for this may be that ample parts facilities make it possible to increase replacement part sales, which carry better profit margins than original equipment.

• **Output Still Low**—The number of suppliers affected by strikes shrank to 116 in the company's latest tabulation last week end, compared with 147 in mid-May. But shortages accruing largely from those tieups held G.M. production of cars and trucks down to half of anticipated totals, with no immediate relief foreseen.

TIPLESS DINING CARS

Robert R. Young, the uninhibited chairman of Allegheny Corp., is taking a fresh grip on the tail of the railroad industry, preparing to twist it again. Having brought a wealth of objectives to bear on the question of coast-to-coast service (BW—Mar.23'46,p20) and black markets in Pullman space (BW—May25'46,p20), he now is turning to the practice of tipping dining car employees and Pullman porters.

To set the stage for Young's new performance, the Pere Marquette, one of the roads that Allegheny Corp. controls, has just announced that there is to be no more tipping in its dining cars. According to Pere Marquette spokesmen, dining car employees will be partially compensated for the loss and have agreed to the arrangement in the interests of greater dignity and a less expensive ride for passengers. Local reports, however, show a difference of opinion. At least one Pere Marquette waitress remarked huffily, "If being tipped is degrading, I'm willing to be degraded."

SUN WORKS FOR HOUSING

Sun-cured "Caladobe" bricks are being produced in limited quantity by Foster & Kleiser Co., a San Francisco outdoor advertising firm, which bought the process as a wartime adjunct to its camouflage work for the government.

Ingredients are clay, fiber, water, and "bitudobe," an emulsified asphalt stabilizer (for moisture resistance). After processing, the mixture is poured into steel molds and sun-dried for as long as two months—a handicap to volume production.

Advantages claimed for Caladobe brick are greater resistance to fire and moisture; sound absorption; warmth in

... and coolness in summer. The
... of a Caladobe house is about 10%
... higher than that of a comparable stucco
... frame house.

Four plants will be in operation dur-
... the summer months, one in Cal-
... arnia's Carmel Valley, one on the San
... Francisco peninsula, and one each in
... eramento and Fresno.

OPA SETTLES COAL SUITS

The mammoth \$1,425,000 suits that
OPA uncorked against three Pittsburgh
coal companies last summer (BW—Aug.
45,p54) has been settled for a mild
\$28.45—the equivalent of about 1¢
the dollar.

OPA originally wanted \$1,050,000
from Pittsburgh Coal and Champion
Coal, and \$375,000 from Consolidation
Coal. These figures were supposed to
represent triple damages for alleged
overcharges, plus \$50 for each consumer
involved in the prices OPA complained
about. By way of defense, the coal
companies argued that OPA's regula-
tions were so confusing that the in-
dustry couldn't make head or tail of
them.

In settling the suit, OPA withdrew
the \$50-per-consumer penalty. It was
decided that Pittsburgh and Champion
had overcharged \$11,098.36 and Con-
solidation \$2,787.28, and these figures
were multiplied by one and one-half
to arrive at a final figure. The three
companies have since been combined
into the Pittsburgh Consolidation Coal
Co.

BARGES CUT FREIGHT

Conceived during the railroad strike,
large shipment of materials for three
Louisville manufacturing plants may
become a regular practice as the result
of experiments last week.

Reynolds Metals Co. received 1,016,-
00 lb. of aluminum on an American
Barge Lines craft from Listerhill, Ala.,
and National Synthetic Rubber Co. and
the B. F. Goodrich Co., received two
shipments of 260,000 lb. each of sty-
rene by barge from Texas and Louisiana.
The aluminum—equivalent of 20 box
cars full—took four days on its way from
the Listerhill rolling mills up the Ten-
nessee and Ohio rivers, against two
days by rail. But the water shipment
was much cheaper.

Water shipment of styrene—an in-
gredient of synthetic rubber—will en-
able Louisville "Rubbertown" concerns
to meet competition of plants else-
where which receive supplies by pipe-
line. Barge shipment saves nearly \$6
a ton, it was said, and each shipment
was the equivalent of about 30 tank
cars. The trip from Valesco, Tex., via
the Gulf of Mexico and the Mississippi
and Ohio rivers takes 14 days.



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Braniff's Break

Rapidly expanding airline was ready financially when new Latin-American routes got O.K. Deep South opposes award

Eighteen years ago Tom E. Braniff's one-plane airline shuttled between Tulsa and Oklahoma City. Last week in Dallas, Braniff Airways was making preparations to span the Americas, invading the rich Latin-American runs for many years dominated by Pan American Airways.

• **Mileage Tripled**—The Civil Aeronautics Board in late May about tripled Braniff's flying distances, granting the company an additional 7,719 mi., for the first time taking the airline outside the United States on commercial operations.

As soon as the State Dept. and the respective Latin-American governments arrange final details, Braniff four-engine DC-4s will be free to take off from Houston for Havana and the Canal Zone; for Bogota, Colombia, and the South American west coast via Quito, Guayaquil, Lima and La Paz to Asuncion; and from Asuncion, south to Buenos Aires or east to Sao Paulo and Rio de Janeiro. Braniff also is preparing to extend its Chicago-San Antonio-

Laredo artery to Monterrey and Mexico City.

• **Deep South Opposed**—While Braniff hailed its new routes as the best of news for the Southwest, another section of the country—the Southeast and Atlanta in particular—rose in protest. The deep South was hopping mad because CAB bypassed the Southeast, both Atlanta and Miami, in granting new Latin-American routes to Pan American and Braniff.

CAB authorized Eastern Air Lines to fly nonstop Miami to Puerto Rico, but denied the line's application for service into Central and South America. Another sore spot with Atlanta is the fact that CAB granted PAA the 1,600-mi. cutoff route between Puerto Rico and New York. This completely bypasses the entire South in the movement of heavy traffic between the New York industrial area and Latin America.

Argument against Braniff is that it serves only one-sixth of the population that Eastern does; that Braniff got a "windfall" for itself and the 15- to 20-million population along its route while the 75 million served by Eastern got no direct route in Central and South America.

• **Ready for Break**—Windfall or not, Braniff was ready for the hemispheric break. It could point to:

(1) A kitty of \$6,877,883 cash and government bonds to finance an ap-

THE BRANIFF EMPIRE



Braniff Airways, which started as a one-plane shuttle between Tulsa and Oklahoma City, now spreads over two continents with almost 12,000 miles of routes. Braniff still is plugging hard for permission to spin a new network roughly at right angles to its north-south line. To the east, it wants routes to New York, Washington, Baltimore, Norfolk, and Atlanta. To the west, it wants lines through Albuquerque to Los Angeles and through Phoenix to San Diego.

proximate \$5,000,000 expected investment in the Latin-American operation.

(2) Forty-eight acres of new base facilities at Love Field, Dallas, adjoining the present 17½-acre Braniff operational and administration headquarters.

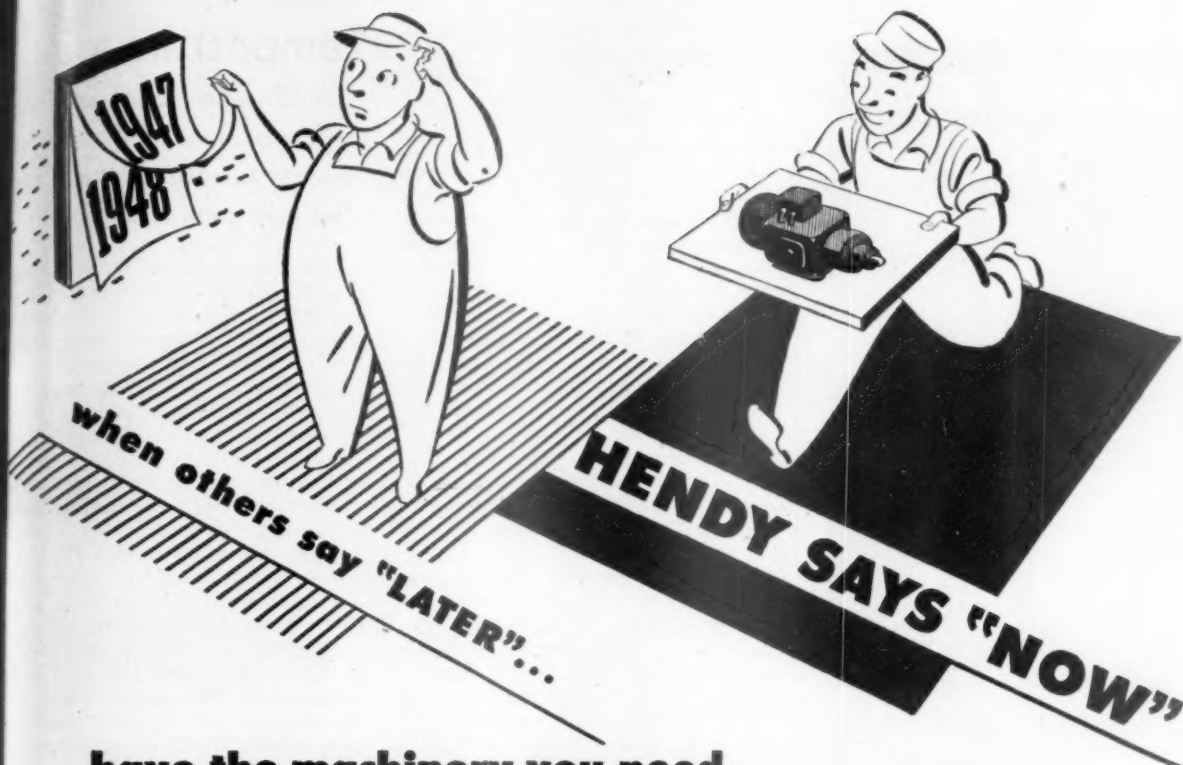
(3) Equipment on hand: eighteen 21-place DC-3s; five 46-place DC-4s; two C-47 5,800-lb.-capacity airfreighters; a DC-3 17-place company executive ship; on order, a fleet of eighteen 36-place 300-mile-an-hour Martin 202s, scheduled for early 1947 delivery.

(4) Experience in the Latin-American field (cited by CAB) acquired through ten years of operation of a traffic sales division in Mexico City; long-standing connections with other carriers at the Mexican border; wartime Army contract service on the Central American "banana run"; Braniff's personally owned Mexican airline, Aerovias Braniff, S. A.

• **Domestic Expansion**—Domestically, Braniff operates over 3,933 mi., serving the Midwest and Southwest in all phases of air transport—passenger, airmail, air express, and, since last December, air freight. In the four months ended last Apr. 30, Braniff chalked up 57,743,010 revenue passenger miles, a 50% increase over corresponding 1945 period. The company is asking CAB's permis-



Tom E. Braniff, in 1934 ready to close down his airline, now is bidding for the South American traffic long considered Pan American Airway's bailiwick.



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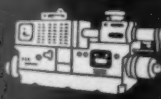
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sion to fly to New York, Philadelphia, Washington, Baltimore, and other mid-western and middle Atlantic points.

In 1927, Tom Braniff, then a self-made millionaire Oklahoma City insurance man, chipped in with a group of local businessmen on a \$10,000 Stinson Detroit cabin plane for their private use. Sharing the plane proved unworkable, and Braniff bought out the others. The next year he put the Detroit on a passenger-carrying basis.

• **Got Mail Contract**—By 1934, Braniff's aviation sideline had developed into a fleet of five Lockheed Vegas plying between Chicago and Fort Worth-Dallas, but the venture was losing money. Only the government's reopening of the mail contracts that year, and Braniff's successful bid for the Chicago-Dallas route, blocked Braniff's previously taken decision to shut down his airline. Growth was steady thereafter.

Not until the war, however, did Braniff Airways lift itself out of the red financially. Since 1942, the company has shown a profit annually, and since late 1943, when its 1,000,000 shares of common were listed on the New York Stock Exchange, Braniff has paid 60¢ annually. On total operating revenue of \$7,919,511 last year, the company reported \$849,839, or 85¢ a share, profit.

Revenues in the first quarter of 1946 were 32% higher than the 1945 first quarter. As was the case with most airlines, operating costs rose more sharply. Gross failed by \$128,000 to cover expenses, and Braniff, despite a \$51,000 tax credit, reported in the period a net loss of \$77,000, compared with last year's first quarter net of \$105,000.

• **Stock Split**—In 1940, a 4-for-1 stock split quadrupled Braniff's 100,000 shares, and in 1943, the company paid a 50% stock dividend and also sold 400,000 new shares. Braniff himself, president and chairman of the board, holds about 30% of the outstanding stock. Total company assets at close of the first 1946 quarter were \$9,387,498. Braniff stock has been selling around \$26.



The original equipment of Braniff Airways consisted of one Stinson Detroit (above). Today 26 planes carry the Braniff emblem (right)—a juxtaposition of palm, skyscraper, and airplane—and a fleet of eighteen 36-place Martin 202's is now on order.

Tempest in a Pit

Chicago Board of Trade loses two hours and has one less member as result of furor over rules and grain ceilings.

Hectic developments on the Chicago Board of Trade last week included the first late opening in ten years, the filing of a second suit against the exchange and its officials by a member for losses allegedly resulting from changes in trading rules, and the suspension of the complaining member by the Board of Trade for failure to meet its margin requirements.

The tangle was the newest in a series of episodes that have resulted from (1) last month's increases in OPA ceiling prices for cash grains, (2) the government's attempt to keep grain speculators from making windfall profits on futures contracts as a result of the advance. Earlier in the month, Cargill, Inc., big Minneapolis cash grain dealers, sued the exchange over its restrictions on futures trading aimed at preventing such profits (BW—Jun. 1 '46, p. 57).

• **Rules Changed**—Last week's developments centered around the exchange rulings on the month-end settlement of May, 1946, grain futures contracts. In new regulations issued May 31, the Board of Trade removed earlier restrictions which limited trading in futures contracts entered into before May 11 to the old price ceilings, for purposes of liquidation only. It permitted resumption of trading in the old futures at the new higher ceilings, and assessed penalties equal to the price increases on defaulted May contracts.

This action meant that "shorts" who had sold May contracts and were now unable to purchase grain to fill them had to pay 5¢ to 25¢ a bu. penalty to buyers ("longs"). "Longs" were thus enabled to realize the full price increase on their



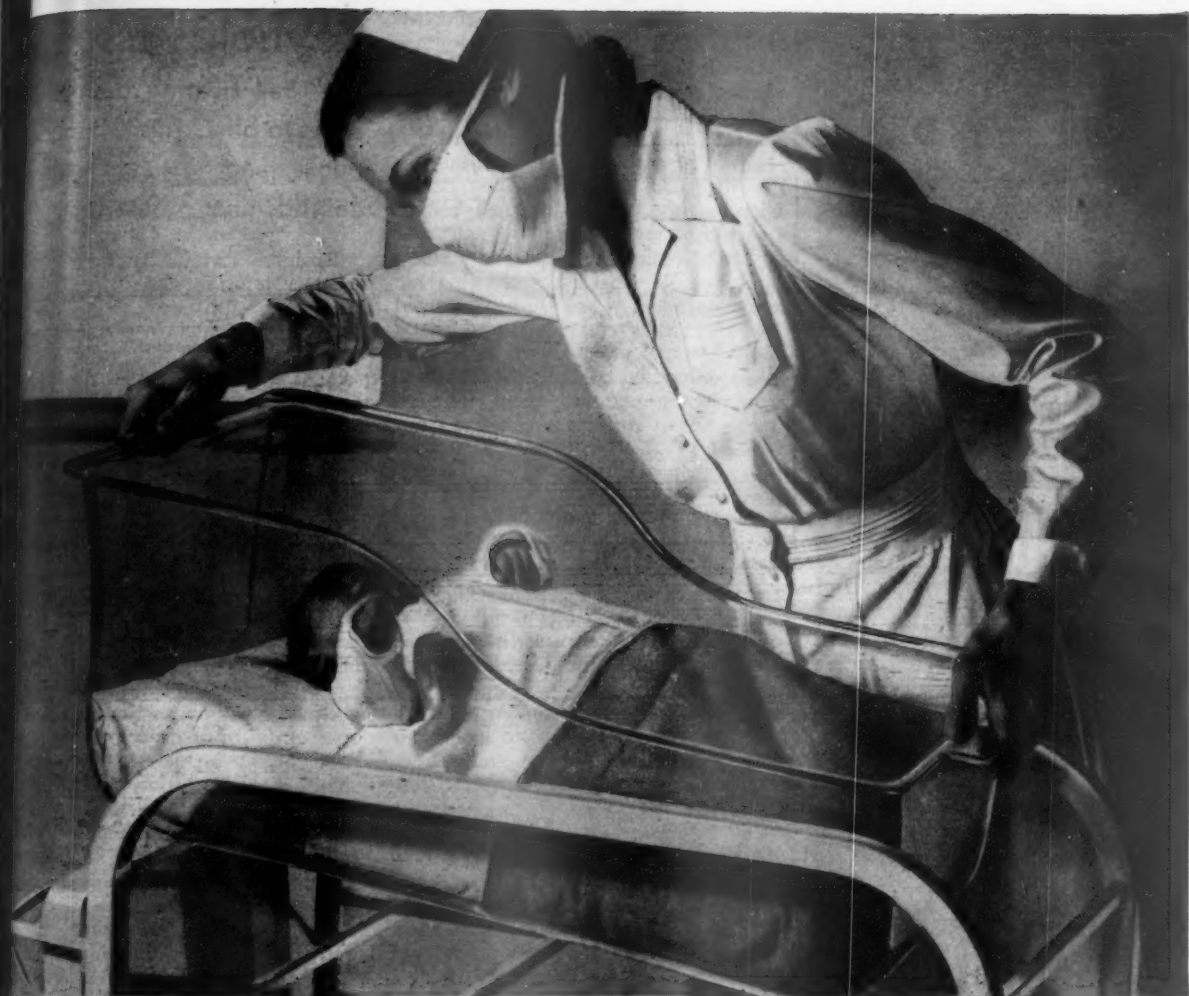
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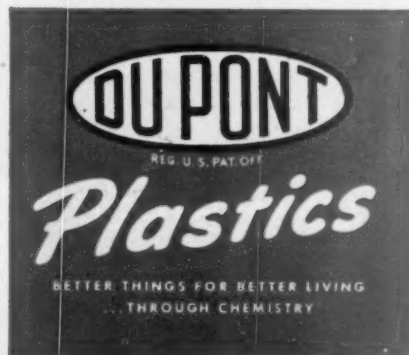
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holdings. The new rules were effective June 3.

• **Court Argument**—Opening of the exchange was delayed two hours that morning while Board of Trade attorneys obtained from federal district court dissolution of a temporary restraining order that had been issued just before opening time to keep the new rulings from going into effect.

The order had been issued on petition of Robert W. Buckley, Board of Trade member for 40 years. Buckley charged that the changed regulations would cause him and other traders substantial losses, asked that the board be restrained from putting them into effect. The following day, Buckley's firm was suspended by the board, which accused him of failing to meet its clearing corporation's margin requirements.

• **Denial Follows**—Buckley's attorneys denied that he was short on May contracts and therefore subject to the penalties assessed under the rules. They described his position technically as that of a "spreader"—long and short on the same commodity for different deliveries.

Widespread expectation in the grain trade that removal of price ceilings is near, coupled with world grain shortages, is keeping bid prices at the ceilings, with few sellers.

FORDS SELL BANK STOCK

Detroit banking circles were interested last week in the sale of a substantial block of the Ford family holdings in the Manufacturers National Bank of Detroit. The Edsel B. Ford estate disposed of 6,666 shares, apparently its entire holding, and Seaboard Properties Co., a Ford Motor Co. affiliate, sold 18,000 more.

One viewpoint, generally accepted, was that this sale represented a further move by the Fords to close out their nonautomotive interests, in line with policy indicated by recent divestments of several industrial properties (BW-Mar.16'46,p28). In contrast to some other of the sales, however, transfer of the bank shares involved the family's hold on a profitable venture.

The Fords got into the banking business rather inadvertently. After the bank failures of 1933 they joined with other leading commercial and industrial interests in Detroit to charter the Manufacturers to fill part of the city's then unsatisfied banking needs.

The 24,666 shares, offered publicly by a financial syndicate at \$200, were characterized as a "substantial" part of the holding and so did not appear to eliminate completely the Ford interests in the bank. B. J. Craig, Ford vice-president and treasurer, and Benson Ford remain on the directorate of the Manufacturers.

Reynolds Issue

Ball bearing pen concern plans to offer 100,000 shares to public, and "insiders" will see an additional 300,000.

Reynolds Pen Co., one of the most spectacular of the new crop of industrial "postwar-babies" (BW-May'46,p70), won't remain a privately owned corporation much longer. Scheduled soon is its debut as a seeker of funds from the public in the new issues market.

• **Officers to Sell Stock**—However, according to a registration statement filed with the Securities & Exchange Commission, the company's quest for new money will be greatly overshadowed by the simultaneous sale of a substantial portion of the current personal holdings of Reynolds shares by five of its officers.

It is now indicated that only 100,000 of the 400,000 shares of no-par common stock scheduled for future offering to the public will be for the benefit of the company's own exchequer. Proceeds from the sale of the remaining 300,000 shares, if the operation proceeds as planned, will be for the account of "insiders," since it merely represents transfer to public ownership of stock now owned by the company management.

Terms of the proposed offering are names of the investment banking houses scheduled to underwrite the deal had not been divulged at midweek. Neither has much publicity been directed toward the company's present fiscal position.

• **Issued No-Par Shares**—However, in April, when the company dropped its original style, Reynolds International Pen Co., and adopted its present name, it made some other changes. Probably mindful of the coming invitation to the public to become a partner, it converted its original capitalization of 1,000 shares of \$1 par-value common into 900,000-share issue of no-par stock.

Since Reynolds introduction to the American market of its first model ball bearing pen, the company has been engrossed in a maze of suits and counter suits over patent rights. These have yet to be settled, and each day adds finds more and more companies competing in that particular section of the fountain pen field.

• **First in Profits**—Reynolds is reported to have sold some 2,000,000 pens last year when it had the ball bearing field practically to itself; from its inception last July up to the end of March, 1946, its net profits, the company reports, totaled \$2,333,149. This showing makes it the profit-leader in the industry, since in the twelve months ending Feb. 28,



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LEE HIGGINSON CORPORATION F. S. MOSELEY & CO. WHITE, WELD & CO.

June 5, 1946.

This is not a new issue. All of this stock having been sold, this announcement appears as a matter of record only.

24,666 Shares

The Manufacturers National Bank of Detroit

Capital Stock

\$50 Par Value

Price \$200 a share

M. A. Schapiro & Co., Inc.

Watling, Lerchen & Co.

First of Michigan Corporation

June 5, 1946.

1946, such long time leaders in business as Parker, Eversharp, Shaeffer, were able to boast of sales of but \$2,332,000, \$1,805,000, \$847,000.

Preparing for stiff competition Reynolds since Apr. 15 has been turning all its earlier model pens in the hands of dealers with its latest creation. Also, it has announced that older models, will hereafter be sold export only.

• **Hard to Evaluate**—Many Wall Streeters who have been following the Reynolds company's meteoric career found it difficult lately to evaluate the corporation's outlook, now that it has to fight more keenly for the market it once controlled almost exclusively. Hampering them in arriving at a conclusion, obviously, is the contemplated sale of so much "insider" stock at a stage.

A Parent Warns

But A.P. & L. displays great eagerness to accept warner's offer to purchase Pacific Power & Light Co.

American Power & Light Co., of the principal holding units of Electric Bond & Share system, received last week a cash offer of \$34,440,000 from Pacific Power & Light Co. property.

The offer came from Interstate Electric, Inc., which set forth that it acting solely as a nonprofit purchasing intermediary for 13 Washington Oregon public utility districts and operatives.

• **Baker's Version**—According to Chas. Baker, Interstate president, the sum offered would not only be sufficient to pay off all Pacific's outstanding bonds and preferred shares but also to leave before taxes, a balance of some \$4,800,000 to \$5,000,000 for the common stock, all of which is owned by the parent company.

Baker said that the offer had been arrived at by the Interstate group in operation with engineers of the Bonneville Power Administration. He warned that, if the bid was not accepted, Pacific would be faced in 75% of its service area either with condemnation proceedings or with new competing utilities using government-generated power.

• **Litigation Cited**—Baker pointed out, for example, that five suits are already pending which involve condemnation proceedings against portions of Pacific facilities, or those of its affiliated Northwestern Electric Co. Also, he said refusal of the present offer would mean that by the year end the company would face additional suits or actions.

competition from most of the 13 utilities instrumental in organizing the interstate company.

The financing of the deal, Baker need not worry A.P.&L. He has had this had been discussed at length "western banks" and that the money would be available once Pacific's offer is accepted.

Street Is Skeptical—It is not believed by Wall Streeters, however, that any such scheme as Interstate now proposes actually materialize. Paul B. McKee, Pacific Power & Light Co. head, said, "Baker's offer is another of the Seattle inspired pieces of political propaganda—in line with similar propaganda emanating from such sources."

Also, McKee added "any scheme of this kind in any event would have to pass the gantlet of the Oregon and Washington regulatory commissions, Federal Power Commission and the Securities & Exchange Commission."

\$25 Corporation?—According to Pacific Coast sources, no Washington utility district or cooperative under laws that state can legally hold any stock of a company such as Interstate. Thus in connection they have in the matter arises from the fact that the managers of such groups have personally been buying stock in the organization. Their purchases, moreover, are said to have been a share each at \$1 and the total capital of Interstate currently is not expected to exceed \$25.

Thus far, A.P.&L. has merely announced that Interstate's offer has been put under advisement. However, there are indications that Pacific's parent considers the offer "grossly inadequate." So many Wall Street utility analysts have studied the property closely. In fact, they doubt very much the voluntary acceptance of any offer which would not assure A.P.&L. at least \$9,000,000 net for its Pacific common stock holdings.

Reasons for Waiting—Wall Streeters see some additional factors militating against the prompt acceptance of Baker's offer for P.P.&L. over the near future. They know, for instance, that the parent is awaiting the outcome of the appeal taken to the Washington Supreme Court to determine the legality of previous proposals made by local public utility districts to purchase properties of a neighboring unaffiliated utility. Puget Sound Power & Light Co. they also feel certain that A.P.&L. wants to see what happens to petitions circulating in Washington for a statewide vote this fall on a suggested new statute. This new statute would provide that PUD's could only purchase property after its acquisition had been in some way approved by a vote of its residents concerning the issuance of any securities needed to finance the deal. At present no such vote is required.



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Columbia Dives

United Corp. protest sale of Dayton Power & Light stock fails to halt offering. Shareholders quickly bring premium.

This week witnessed successful public offering, at a price to buyers averaging \$54,700,000, of the largest utility operating company common stock yet sold as a result of divest proceedings under the public utility holding company act.

• **United Delays Deal**—Involved 1,530,000 shares of Dayton Power & Light Co. \$7-par common stock, the exclusive property of Columbia & Electric Corp., the utility holding company giant now whittling down controlled operating properties in accordance with its drastic integration plan recently filed with the Securities & Exchange Commission.

For a time it appeared touch-and-go whether the offering would go through. Preventing public offering of the common shares late last week, as originally planned, was another prominent unit holding unit, United Corp., owns 20% of Columbia's outstanding common stock and, under the holding company law, its statutory parent.

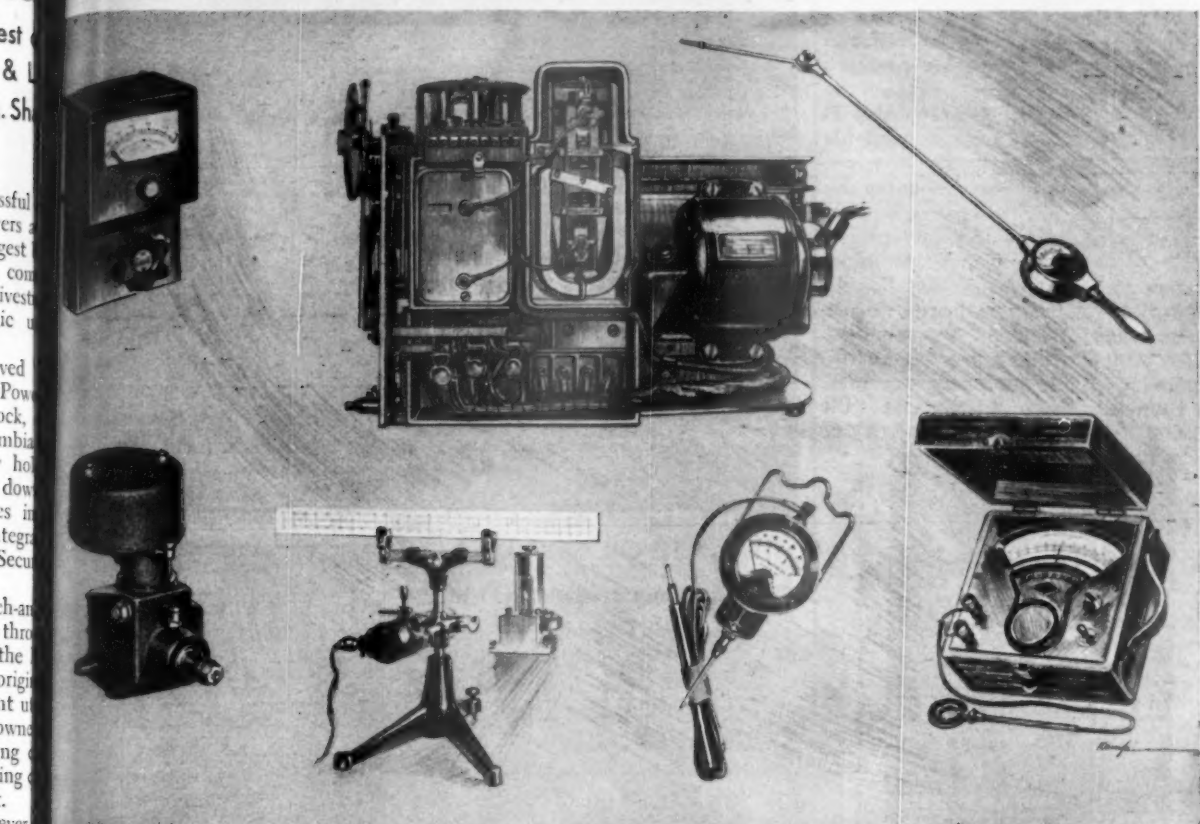
• **Objects to Price**—United never approved the integration plan Columbia's management has worked out to meet requirements of the holding company act. In particular, it was quick to find fault with the price Columbia last week agreed to accept for its Dayton holdings from an investment banking syndicate headed by Blyth & Co. Inc., and Mellon Securities Corp., although this proved the highest when the shares were placed on auction block.

To United, the winning bid of \$33.64 a share for the Dayton stock was "grossly inadequate." The offer price was considered "at least \$10,000" too low, and United warned that acceptance would make Columbia management responsible for "a reckless waste of assets, to the great detriment of its stockholders."

United thus was quick to urge the SEC refuse to clear the sale for subsequent public offering. Also, it demanded a public airing of the deal and asked that approval of the sale be delayed to permit it to prepare a satisfactory plan for disposing of the shares in question.

• **Some Withdrawals**—At the hearing that followed however, little evidence was introduced substantiating United claims. It was pointed out, for example, that a Morgan, Stanley & Co.-E. Hutton & Co. group, the only other

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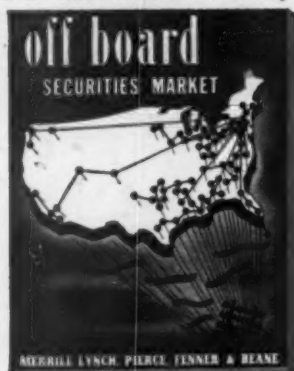
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WALL STREET

What's in a Name?

Though it dates back to Colonial Days, the term "over-the-counter" (Merrill Lynch, Pierce, Fenner & Beane's designation: "Off Board") is little understood by the rank and file of investors. No less a mystery to many investors remains the functioning of the market itself. Primary reasons: Lack of publicity in the public prints plus a general lack of freely available information concerning many "Off Board" securities. Yet the "Off Board" market offers many investment opportunities, plays a vital role as a pre-"big board" seasoning ground for many securities.

Example: Some 25,000 odd "Off Board" traders handle the majority of



"Off Board" Market
Little known but important

transactions in the following: Government bonds; State and Municipal obligations; real estate bonds and stocks; bank and insurance company stocks; rail equipment trust certificates; investment trust securities, many industrials, rails and utilities.

In an effort to foster a more general understanding of the "Off Board" market and its functions, the nationwide investment firm of Merrill Lynch, Pierce, Fenner & Beane has just issued a booklet entitled "Off Board Securities Market." Beginning with an easy-to-understand general discussion of the most important phases of this admittedly important market, this modern study presents analyses of 38 individual companies the securities of which are traded "Off Board," plus six pages of statistical spreads on common stocks, preferred stocks and bonds including working capital, current assets, long-term debt, net sales and net income.

To all who may be interested in the "Off Board" market, M L, P, F & B will be happy to send a copy of "Off Board Securities Market*" on request. The charge: Nothing.

*For your copy of "OFF BOARD SECURITIES MARKET" address your request to: Department "BW," Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York 5, N. Y.



STANDARD OIL SOCIAL

The Palace Theater (right) in Flemington, N. J., featured an unusual "show" last week when Standard Oil Co. (New Jersey) staged its annual meeting there, forsaking the smaller Grange auditorium, where it usually convenes. Tall president Eugene Holman helped wipe up (above) after the lunch which preceded the meeting. Some 250 stockholders dined at the Grange, the Union Hotel, and the Presbyterian Church. Fare was good all around, but the church's strawberry shortcake got a special accolade. Like Wilmington, Del., Flemington is home to several big corporations (BW—Jul.14'45,p52) which seek tax relief by quartering there.



bidder, had not cared to offer over \$30,639 a share. Also, a Blyth-Mellon syndicate representative disclosed that houses representing 100,000 shares had immediately withdrawn earlier participation in the deal on learning what the shares' offering price was to be, and that additional withdrawals would have been experienced if their bid to Columbia had been appreciably increased.

There was more than a hint that United might resort to court action at the last minute to prevent the sale if its plea to SEC was not heeded. However, late last Friday the commission finally became "satisfied that the applicable requirements of the [holding company] act had been met," approved sale of the stock.

Obviously, the offering when finally made proved a very fast mover in view

of United's publicized opinion that had been sold "too cheap." Several hours after the books had been closed for subscriptions, in fact, the shares were available over the counter at a premium of some \$3 over the original offer-price of \$35.75.

• **Similar Protest**—This isn't the first cent stockholder complaint that has been offered to the public at too high prices.

Early this month, for example, came the filing of a stockholder suit against directors of Alexander Smith & Son Carpet Co. and underwriters of the company's recent stock financing operation (BW—Mar.16'46,p66). This suit damages on the grounds that the rise of the new shares then offered showed that a higher price should have been demanded by the company.

PRODUCTION

Dry Ice Rifle to Be Offered

Illinois concern is licensed to manufacture weapon that uses carbon dioxide gas as propellant. Trigger opens valve. Economies and functional simplicity are among advantages claimed.

Rifles using carbon dioxide gas as a propellant instead of gunpowder, developed in 1941, now are being readied in the shops of Parr Instrument Co., small manufacturer of chemical apparatus in Moline, Ill.

The inventor, Ray J. Monner, and Earl Paul, his associate in the Monner Gun Co., licensed production rights to Parr on a royalty basis.

Dry Ice in Magazine—Dry ice (a half pound gives enough carbon dioxide gas for 1,000 rounds from a .22) is held in the rifle's magazine. A tube con-

nects the magazine to a conventional barrel. Since no brass casing to hold powder is necessary, shells for the gun are merely slugs with self-contained rifling rims.

The trigger, instead of tripping a firing pin, opens a valve in the tube allowing gas to escape into the barrel and force out the bullet. The gas expands so rapidly that the slug reaches its highest velocity at the muzzle of the gun.

• **Evaporation Does It**—After each shot from a dry ice gun, the carbon dioxide used is replaced by more which evap-



A LONG—A HAPPY—LIFE

Today's laboratory curiosities are tomorrow's market products. In the pharmaceutical field, medicinals struggling to make this transition are ACS (antireticular cytoxic serum), claimed by its Russian discoverer, Prof. Alexander A. Bogomolets (above) to help promote longevity by combatting the degenerative processes of old age, and Anthallan, new hay fever drug discovered by German-born Dr. W. S. Loewe (left). Scientists' skepticism is attributed by Bogomolets largely to misuse of ACS. Anthallan, a pill, assertedly aided 38 of 42 patients on whom the drug was tried.



PLAIN TALK ABOUT PLASTICS

there's no
"one-man-band"
in plastics..but



There's no such thing as a do-all plastic ... at Monsanto or anywhere else. (How simple it all would be if there were!)

On the other hand, there's no one plastic that offers so broad a combination of important characteristics as does Monsanto's Lustron.*

Just check a number of this unique polystyrene's versatile qualities against your material specifications:

Color and translucence ... full, brilliant color range, from sparkling transparent to rich opaque.

Dimensional stability ... Lustron moldings fit and keep their fit.

Light weight ... lighter than any comparable plastic, lighter by far than competitive materials or "light" metals.

Chemical resistance ... excellent resistance to common acids, alkalis, cleansers, water.

Economy ... low price per lb., ideally suited to fastest mass production molding techniques.

If any of these ... or especially if several of them ... are important to you ... you'll be smart to look into Lustron without delay. Full data, samples and counsel are yours for the asking. Address: MONSANTO CHEMICAL COMPANY, Plastics Division, Springfield 2, Massachusetts.

*Reg. U. S. Pat. Off.



APPLIED RESEARCH and ENGINEERING

Resourcefulness

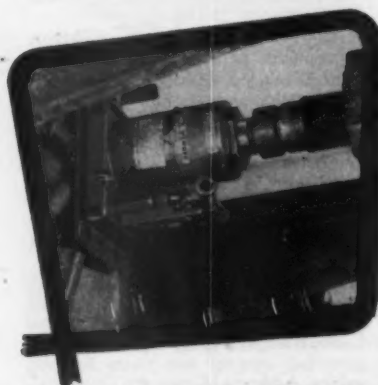
No problem will stay in a single field of chemistry, mechanics or electricity. Our versatile group of specialists in many fields meets each phase of a problem with a specialist as it arises. • We supplement an engineering department with specialists as "Engineers' Engineers."

Ask your secretary to write us for "COMPETITION"—the executive's monthly survey of applied research and engineering.

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THE COMMONWEALTH ENGINEERING COMPANY

1772 Springfield St., Dayton 3, Ohio



HEIN - WERNER HYDRAULIC JACKS have POWER to spare!

There's extra power in H-W Jacks because they're factory-tested at $1\frac{1}{4}$ times their rated capacity.

Above, a 30-ton H-W Jack is attached to a 36" filter press. Closing the press takes one man 30 seconds, whereas the old gear and pinion method took two men 3 to 5 minutes.

Other economy uses include pressing gears, pinions, bushings, bending rods, and many others. H-W Jacks made in 3, 5, 8, 12, 20, 30 and 50 tons capacity. For details, ask your industrial supply distributor, or write us.

HEIN-WERNER MOTOR PARTS CORP.
Waukegan, Wisconsin

orates from the surface of the dry ice slush in the magazine.

Because carbon dioxide gas comes from the magazine at very low temperature, it keeps the gun cool enough for continuous rapid fire. The cold is balanced by heat set up from friction of the bullets passing through the bore. Barrels, not subject to the corrosive effect of hot gases, last indefinitely.

Uniformity of the amount of gas used for each shot makes possible even penetration of slugs into a target. Atmospheric conditions are no problem.

• **Talking Points**—Among advantages claimed for dry ice rifles are:

(1) They have only 50% as many working parts to get out of order as a conventional gun.

(2) Weight of ammunition is halved.

(3) The propellant, dry ice, is about 1/100 the price of gunpowder.

(4) The rifles cannot cause fire in their vicinity. Without ammunition in the chamber, such a weapon would serve as a fire extinguisher.

A dry ice .22 maintains pressure of 1,200 lb. p.s.i. at room temperature. But to get higher pressures for larger rifles and guns, the magazine must be heated to increase pressure of the carbon dioxide, which is directly proportionate to the difference in temperature between the surrounding material and the dry ice. With a heated magazine, enough pressure can be developed from dry ice to match muzzle-velocity of a weapon of any caliber.

• **For Big Ones, Too**—Equipped with a magazine holding 200 lb. to 300 lb. of dry ice, it is claimed, a heavy artillery piece could fire continuously for an estimated nine hours. If a rotating drum for feeding shells into the chamber could be devised, it would be possible to fire big guns with a rapidity now attainable only in smaller caliber ordnance. Firepower of one such gun is envisaged as equal to that of eight standard pieces.

To protect crews of large guns operating in turrets or other enclosed places, a blower would be necessary to replace air driven out by carbon dioxide gas.

One cautious guess from the firearms industry is that production costs and selling prices of mass-produced dry ice guns could be well below those of standard types.

• **Sales Resistance?**—Some marketers feel that sales resistance may work against dry ice guns as it has against unorthodox guns using air pressure or acetylene gas as a propellant.

Acceptance of carbon dioxide gas as the standard for firearms would, at most, put an overall dent of 84% in the sales of explosives manufacturers. A 40-year average shows that 7% of their income has been from military powder, 14% from sporting powder.

A Lighter Engine

Latest entry of its kind is that of Nelson Aircraft, which uses magnesium parts to cut weight where practicable.

Aircraft designers are reducing dead weight, particularly in power plants, by using lightweight alloys such as aluminum or magnesium.

The latest entry in the field is the 40-lb., 25-hp. part-magnesium engine announced recently by Nelson Aircraft Co., San Fernando, Calif. The engine was developed for auxiliary service on the Nelson Dragonfly, a gliding plane.

• **Through Redesign, Too**—Light weight can also be obtained through redesign, as was done in the case of the mass-produced, stamped-steel, brazed Taylor engine (BW—Jan. 19'46, p21).

Magnesium was used in the Allison engine for some parts, where weight reduction could be achieved without sacrifice of strength or performance.

Nelson's development has several interesting features, notably die-cast cylinders, in which the magnesium is cast around steel liners. About one-third of the engine is in magnesium (mostly sand cast). High-strength parts such as connecting rods, crankshaft, bolts and studs are steel.

• **Related Enterprises**—Nelson Aircraft Co. is directly related to the Nelson Specialty Welding Equipment Corp., of San Leandro, Calif., organized in 1940. Ted Nelson is president and general manager of both, being the sole owner of the welding company and holding a controlling interest in the



Dry-ice man Ray J. Monner has worked on the gunpowderless gun for years, but only recently has it reached the stage of commercial development.

Appendicitis

needn't frighten you



if recognized in time! But because it often feels like an ordi-

nary stomach-ache



or a simple, persistent abdominal

pain, many ignore appendicitis until too late!

Don't let such symptoms fool you!



If they occur,

avoid laxatives,



or enemas, and hot



or cold



applications, any of which may be dangerous to an inflamed

appendix. If nauseated, go to bed and stay there, for even

ordinary activity can be risky.

Remember,



a ruptured appendix can be fatal, so

don't make your own diagnosis. Instead, be cautious—

Call your physician!



Due to a better understanding of the dangers of appendicitis, the death rate of this disease has been reduced to less than half the rate of twelve years ago. Even today, the majority of appendicitis deaths are avoidable!

Metropolitan has a free booklet that will help you to know more about appendicitis. Just write for booklet 76-S.

Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

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TO EMPLOYERS: Your employees will benefit from understanding these important facts about appendicitis. Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.

TO VETERANS—IF YOU HAVE NATIONAL SERVICE LIFE INSURANCE—KEEP IT!



Huskier "shoes" for the highway

One reason why most heavy-duty tires, being manufactured today, are huskier is because they are built around a strong rayon cord carcass.

Some years ago, when rayon cords were first used in tire making, manufacturers were confronted with a serious problem in keeping the rayon firmly adhered to the rubber. A new technique, therefore, had to be developed.

A major contribution to the applica-

tion of this technique, which would meet exacting technical requirements and keep the rayon securely bonded to the rubber, was achieved through the use of a Flintkote product—Syntex®.

And so, today, thousands of extra miles of service can be built into car and truck tires. That's another example of how Flintkote products are serving the public, as well as the industries of this country.

*Reg. U. S. Pat. Off.

Flintkote makes many things

Adhesives and cements of many types are made by Flintkote... so are industrial floorings, and protective coatings... calking compounds and pipe wrappings... paperboard products and a wide line of building materials. All these and scores of other products to protect... to bring beauty and lower maintenance costs to Amer-

ican homes and industry, bear the Flintkote seal of quality. Our complete engineering and research facilities are at your disposal. Offices in principal cities. THE FLINTKOTE COMPANY, 30 Rockefeller



Plaza, New York 20, N. Y.; 55th and Alameda Streets, Los Angeles 54, California; 25 Adelaide Street East, Toronto 1, Ontario.

FLINTKOTE

BUILDING MATERIALS • PRODUCTS FOR INDUSTRY • PAPER BOXES & CONTAINERS



aircraft company. Two other corporations are tied into the setup: Nelson Stud Welding Corp. and Nelson Sales Corp., both of Lorain, Ohio.

The specialty welding equipment company manufactures a welding gun (the Nelson arc stud welder) and other stud welding equipment and supplies. It had war business which reached a \$8 million sales peak in 1945. Practically every ship built in the U. S. or Canada during the war used some of its equipment.

• **Production Model**—The aircraft company was organized for production of gliders designed by William Hawley Bowlus. Its production model, the Dragonfly (prototype was the Bumblebee), is a high-wing monoplane of 47 ft. wing span, weighing 465 lb. empty with provision for additional weight of 350 lb. to accommodate two passengers. It is basically a glider, with an auxiliary engine. The engine is planned for quantity production at the San Leandro welding equipment plant.

• **Special Problems**—Magnesium presents problems in fatigue (failure under repetitive stress), in corrosion, wear resistance, and in die-casting. Fatigue failure is under investigation, and no trouble has been experienced as yet. Tests have not been extensive, and should fatigue become too great a problem, the company will go back to aluminum.

So far as corrosion is concerned, Nelson is using dichromate pickle as an inhibitor. He has resisted the painting of cylinders with zinc chromate, because the paint acts as an insulator. Magnesium parts of the plane, of course, are painted with zinc chromate.

• **Other Aspects**—Problems of wear resistance in cylinders are met by the use of Ni-resist iron cylinder liners cast integrally. Heat transfer through the liner and cylinder to the cooling jacket is good. The Ni-resist iron and DOWMETAL N die-casting material have about the same degree of expansion under heat.

The largest magnesium casting on the engine is the crankcase, 3.06 lb. the smallest is a bearing cap which weighs a few ounces. The cylinder with liner weighs about 2½ lb.

The engine still must undergo runs for Civil Aeronautics Administration approval, and the problems encountered have slowed things up. With dynamometer equipment being installed now, Nelson expects approval tests to be scheduled soon. The engine's adaptability to mass production and its actual performance in the air, however, remain to be proved.

CRUDE FATS FOR FINE SOAP

Crude fats, formerly used only for the harsher laundry soaps, are being upgraded by a sodium chlorite process

which has been applied successfully on commercial scale for about a year. Heretofore, only refined tallow was used to make high-grade soaps and flakes. When the shortage of fats and oils required conversion of higher grade fats to edible grades, the threat of a shortage of soap-making fats became acute. This situation was eased by the development of the sodium chlorite bleaching process for upgrading of certain low-grade fats, according to Dr. G. P. Vincent, Technical Director, Mathieson Alkali Works.

Refined tallow as well as house grease and other crude fats can be bleached with sodium chlorite. Not only is the improvement in color greater than that obtained by other methods, but odor is also improved, and in addition, the yield of tallow is considerably greater, it is claimed. In the process, carried out directly in the kettles used for fat purification, sodium chlorite is used in conjunction with either sulphuric acid or chlorine. A batch of tallow is bleached in about one and one-half hours, and about two pounds of chlorite per ton of tallow are required.

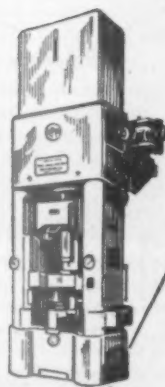
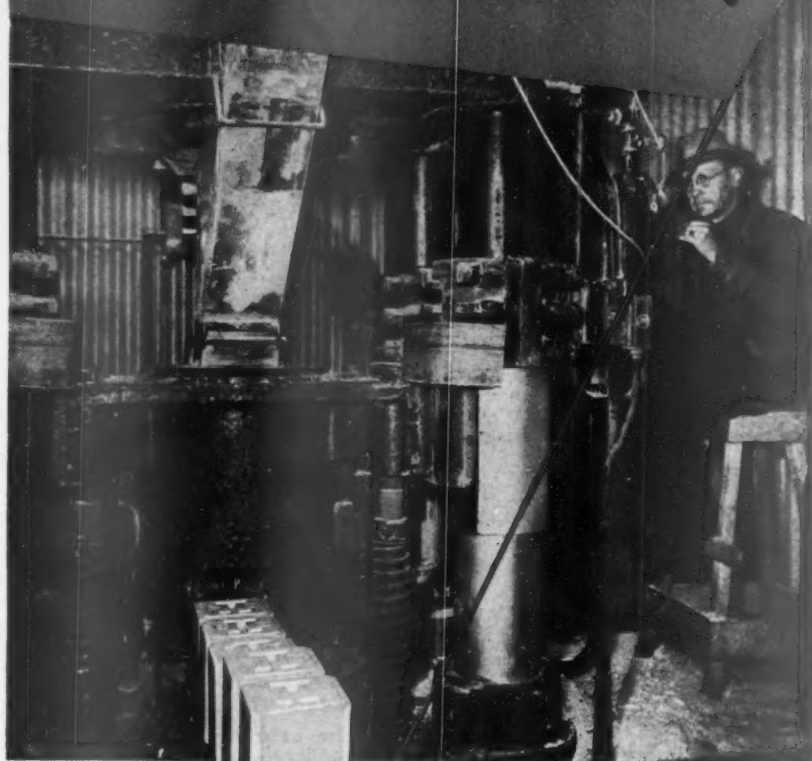
FASTER METAL PLATING

A safer, faster medium for metal plating was reported recently by scientists of the Standard Oil Co. (Indiana) and subsidiaries at their annual technical meeting. Alkane sulphonic acids, being commercially developed by Standard, may replace the highly poisonous cyanides now often used in the plating process.

In electroplating, salts of metals being plated are dissolved in water, and the metals are then deposited on the desired object by use of an electric current. The necessity of using water-soluble salts has been a considerable handicap in plating some metals. Moreover, unless a bright finish can be obtained at a fairly rapid rate, the process becomes too expensive. The sulphonic acids, Standard's chemists say, give highly soluble salts of most metals, permit plating to be accomplished from two to eight times faster than baths previously used, and produce brighter finishes.

Other developments emphasized at the technical conference were (1) drying oils, obtained in part from petroleum, to compete with linseed and tung; (2) cheaper plasticizers; (3) the use of glass fibers as a coalescing medium to reduce the cost of desalting crude oil; (4) a commercially feasible process for obtaining gasoline and oils from natural gas; (5) synthetic lubricating oils that function in extreme heat and cold; and (6) the adaptation to Standard's Whiting (Ind.) plant of the German "Oxo" technique for making higher-boiling alcohols used in many industrial processes.

BRIQUETTING BECOMES A HIGH SPEED OPERATION WITH H-P-M Pressure Processing



H-P-M "All-Hydraulic" high-speed briquetting presses are built for high production output. A typical application is the briquetting of salt into fifty-pound blocks at a rate of 300 per hour.

H-P-M presses are also used extensively to briquette "dry ice," carbon, metal powders, abrasives, ceramic and refractory clays and similar products. Either a stationary or floating type mold can be employed. Normally materials require no binding agent when briquetted with the powerful squeeze of the H-P-M press. Costly preparatory operations are thereby eliminated. Each press is a self-contained unit, being powered by the reliable H-P-M oil-hydraulic operating system. Investigate H-P-M presses for your briquetting operations. Write today, stating your requirements.

THE HYDRAULIC PRESS MFG. COMPANY

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Branch Offices in New York, Philadelphia, Cleveland, Cincinnati, Detroit and Chicago.
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Hydraulic Presses

FOR THE METAL WORKING AND PROCESS INDUSTRIES

REVOLUTIONIZING PRODUCTION WITH HYDRAULICS SINCE 1877

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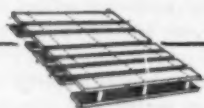


ON A GENERAL PACKING PRINCIPLE

NEW

"GENERALIFT" PALLETS

Millions of pallets were used by the armed forces. They saved from 50% to 90% in materials handling. We are now in full production of pallets for all industry. Our engineers will design a pallet best suited to your specific needs. Write today for Pallet Book.

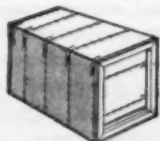


"Generalift" Pallet



General Corrugated Box

NOTE: Shortage of timber products today is even more critical than during the war. This is due to adverse weather conditions, labor difficulties, pricing maladjustments, war-marking and priority of lumber for erection of homes for veterans, etc. For these reasons, we, like so many others, cannot guarantee production and shipment in terms of usual schedules.



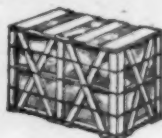
General All-Bound Box



General Nailed Box



General Cleated Corrugated Container



General Wirebound Crate

ENGINEERED SHIPPING CONTAINERS

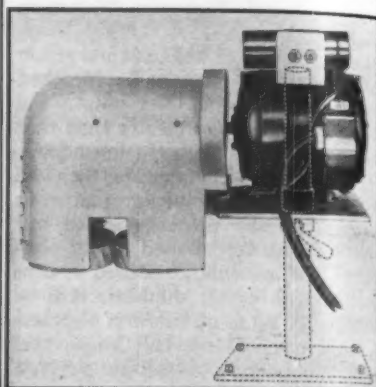
General BOX COMPANY

GENERAL OFFICES: 502 N. Dearborn St., Chicago 10, Ill.
DISTRICT OFFICES AND PLANTS: Brooklyn, Cincinnati, Detroit, East St. Louis, Kansas City, Louisville, Milwaukee, New Orleans, Sheboygan, Winchendon, Continental Box Company, Inc., Houston, Dallas.

NEW PRODUCTS

Rotary Heat Sealer

Capable of operation at any desired angle, the "Fast-Tite" rotary heat sealer manufactured by Pack-Rite Machines Division of Techmann Industries, 714 W. Wisconsin Ave., Milwaukee 1, Wis., is thermostatically controlled.



Both sealing roller shafts are driven to eliminate pulling and distortion of the materials being sealed. Sealing is accomplished at rates up to 300 lineal inches per minute. A tension device adjusts sealing roller pressure. Roller heat is furnished by stationary ring heating units.

Refrigerated Hamper

The improved Arctic Hampers announced by Jewett Associates, 1053 Main St., Buffalo 8, N. Y., are made to carry and store perishable foods at temperatures provided by natural or dry ice. A slide fastener top, for quick opening and closing, can be padlocked for protection during shipping. The



You may be using 4 different processes to do these 4 jobs! { Ozalid does them all in seconds!

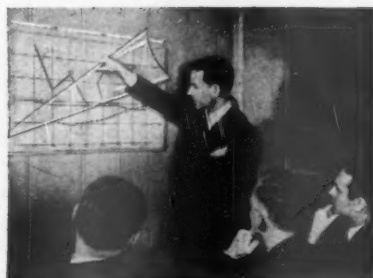
WHEN you adopt Ozalid, you can consolidate your reproduction work... turning out prints for your entire organization—all in the same simple manner—with the greatest speed and economy.



Use Ozalid to reproduce engineering drawings or other translucent originals... easier-to-read, positive copies... with lines and images in the color you prefer—black, blue, red, or sepia... and on the material you prefer—paper, cloth, foil, or plastic. You'll appreciate this choice, for you can always make the type of print best fitted for the job at hand. For example, an Ozalid Sepia-line Intermediate print allows you to eliminate re-drafting when making design changes.



Use Ozalid to prepare dignified forms that exactly match original typing. Simply type the basic message on a translucent letterhead and make OZALID BACK-LINE PRINTS. On these, type in headings and personal references. No one will know the difference... but you cut time and labor costs to a fraction and keep up to date!



3. Use Ozalid to produce transparent film overlays in different colors for dramatic, readily understood presentations of products, facts, or services. Prohibitively expensive with any other method, this simple with OZALID: Draw separate units on individual sheets of translucent paper... and reproduce each on an Ozachrome film of desired color. Then merely overlay in register.



4. Use Ozalid to copy photographic material—in truly amazing fashion—in seconds, without darkroom restrictions. OZALID DRYPHOTOS have full tonal values, are delivered dry, ready for immediate use in sales catalogs, displays, etc.!

Available now—Ozalid machines for large, medium, and occasional production requirements. Whichever model you choose, you have the same versatility.

See the 10 types of prints you can make with Ozalid... and learn all about this new graphic art everyone can use.

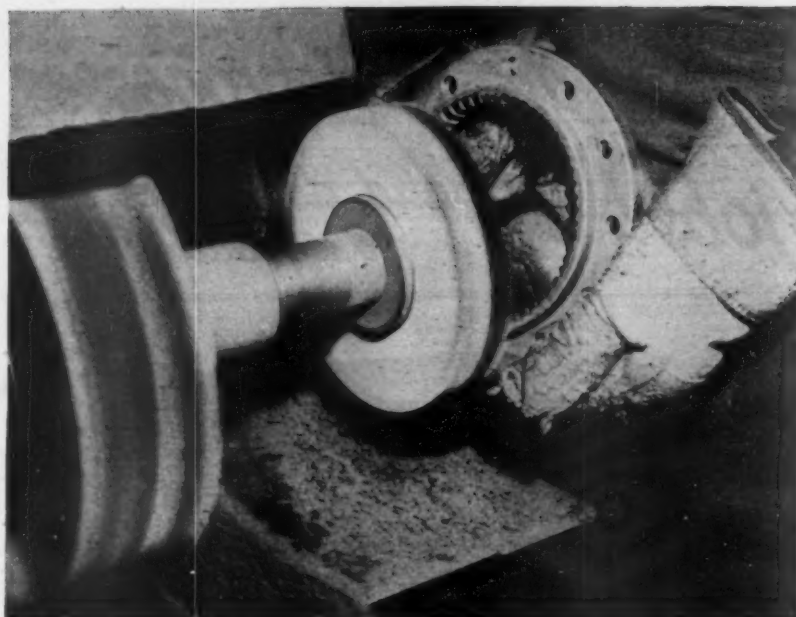
Write today for free booklet No. 114.



OZALID

Division of
GENERAL ANILINE AND FILM CORPORATION
JOHNSON CITY, NEW YORK

Ozalid in Canada—Hughes Owens Co., Ltd., Montreal



GEAR UP AND GO!

The necessity for finishing surfaces to micro tolerances to gain *absolute maximum efficiency* was brought to the fore during the war. Power brushes, as developed by Osborn, were chosen to do that job.

Many manufacturers today have added this war-discovered technique to the improvement of their products.

This applies to gears and all interior and exterior surfaces of precision parts—for deburring and all surface finishing operations.

It reduces stress concentration areas and thereby eliminates metal fatigue, thus increasing the strength of the metal and prolonging the life of the part or product.

Power brushing techniques as developed by Osborn can help make your product (whatever it is!) look better, perform better and sell better! And **LOWER** your unit cost!

Investigate without obligation. Contact Osborn and an expert field engineer will be detailed to make a study of your operation or plans, and submit specific, detailed recommendations.

THE OSBORN MANUFACTURING COMPANY

5401 Hamilton Avenue

Cleveland, Ohio



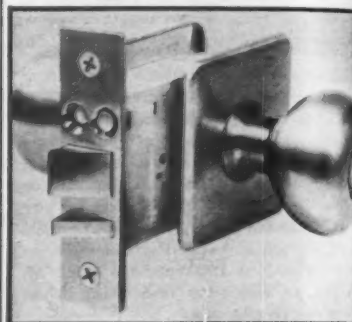
WORLD'S LARGEST MANUFACTURER

OF BRUSHES FOR INDUSTRY

false bottom separates the contents from ice water and may be adjusted up or down. When natural ice is used, the ice water is drawn off through a valve. With dry ice, the false bottom is unnecessary and may be removed. The hampers can fit between the front and back seats of a car and have a heavy canvas jacket which is practically waterproof and mildew-proof. The galvanized metal is surrounded by ground cork packing under 1,500 lb. pressure; this is said to equal corkboard for insulation efficiency by government standards. Top cover has a 2-in. waterproof pad. The hampers are available in two sizes: 31 by 16 in. by 14 in. and 22 in. by 20 by 13 in., outside.

Integral Handle Lock

The Integrallock, produced by the Lockport & Co., New Haven, Conn., is said to be the first engineered cylinder lock of its type to appear in the hardware field. Designed before the war, the lock is manufactured of pressure-formed metal with bronze, brass, and chrome finishes. The lock is made in two basic



types, mortise and cutout, and is self-lubricating. A safety feature is the snap pin that snaps when the knob is turned with a wrench; the cylinder in the knob, however, remains in working order without the key. Interchangeability of keys and ease in accuracy of installation are other features of the lock. The stock lock cases of the two types measure 3½ in. by 2½ in. by 1½ in. Front of the mortise is 1½ in. by 4½ in.; of the cutout, 1½ in. by 2½ in.

Auxiliary Electrical Unit

Heavy starting current for twin-engine multi-engined airplanes is supplied by 24 or 30 volts by a streamlined auxiliary power unit designed by the Aircraft Equipment Co. division of Lockheed Aircraft Corp., Burbank, Calif. Working parts are inclosed in a sheet steel housing mounted on a welded tubular steel frame.

Doors on three sides, and a battery compartment hood, provide accessibility to all parts. The molded rubber wheels have swivel-casters at the rear.

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LIGHT DUTY... *But all Truck*

International Light-Duty Trucks are trucks. They are designed as trucks, engineered and built as trucks. They're powered by the famous International Green Diamond engine. They make *no* compromise with passenger car construction.

A complete line permits International to recommend the best light-duty truck for any job—best for efficiency, lowest operating cost, longest life.

The name, International, is a warranty of truck quality. That name represents more than 40 years of truck engineering and manufacturing experience.

And here's an unusual record: For the last 15 years more heavy-duty International

Trucks have served America's commercial truck transport than any other make.

And here's an unusual service feature—*all-truck* service supplied by the nation's largest company-owned truck service organization, International Branches, and by International Dealers.

For all-truck performance—*International!*
For all-truck service—*International!* See your nearby Dealer or Branch.

Motor Truck Division
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180 North Michigan Avenue Chicago 1, Illinois

*Tune in "Harvest of Stars" Sunday, 2 p.m.
Eastern Daylight Time, NBC Network*



Pickup



Panel Body



Panel Stake



School Bus



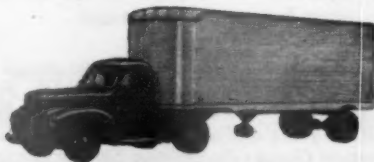
Other International Harvester Products:
FARM POWER AND EQUIPMENT
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Dump Truck



Multi-Stop Delivery



Tractor and Semi-Trailer

INTERNATIONAL



TRUCKS

CAN YOU GUESS THE ANSWERS?



1. What industry produces 170,000,000 units a day?

The bolt and nut industry. The first American bolt and nut factory 100 years ago produced 3,000 units a year. Now, in a single day, the industry produces more units than there are people in the United States. Acco's Maryland Bolt and Nut Company is an important factor in this industry which produces 170,000,000 units a day.

2. How many kinds of lawn grass grow in the U.S.A.?

The answer is about 30 different kinds. The one variety which is used more widely than any other is Kentucky Blue Grass. And the lawn mower which makes the mowing job easier on every kind of grass is the Pennsylvania, made by Acco's Pennsylvania Lawn Mower Division.



3. How does rigging help win yacht races?



A yacht sails faster when rigged with wire rope of minimum weight and diameter. That is why many yachts are equipped with Korodless rigging—a product of Acco's Hazard Wire Rope and American Cable Divisions. Korodless is lighter because made of stainless steel. It can be used in smaller diameters because it is stronger.

These are only a few of the primary products made by the 17 divisions of ACCO: Chain • Wire Rope • Aircraft Cable • Fence • Welding Wire • Cutting Machines • Castings • Wire • Springs • Lawn Mowers • Bolts & Nuts • Hardness Testers • Hoists & Cranes • Valves • Pressure Gages • Automotive Service Equipment



AMERICAN CHAIN & CABLE

erator compartment end and are mounted at the opposite end. The erator plant has 70-ampere capacity. Five 200 ampere-hour batteries are included. Floodlights are mounted on top of the unit for night servicing.

Aluminum Paint

A new paint developed by the Gilsonite Laboratories, Scranton, Pa., is processed from an asphalt base with pure aluminum paste. The paint is a special-process Alcoa aluminum paste used in excess of 1 lb. per gallon. When the paint is applied, the aluminum pigment is to "leaf" to the surface to form a like, metallic shield against the elements. According to the manufacturer, the aluminum shield reflects 80% of destructive rays of the sun, and insulating the interior space beneath the roof, reducing the inside temperature by as much as 15 degrees in the summer. The paint is recommended for use on smooth or slate roll roofing; asphalt gables; built up or metal roofs. It is made for outside metal work on flashings, and iron fences.

The paint requires no thinner and mixing, and may be applied with brush or spray gun. It dries within an hour and the surface can be used three to four hours after application.

THINGS TO COME

Knitted fabrics which in appearance, feel, and stability can hardly be distinguished from woven fabrics are now being produced on a new knitting machine at production rates ten times as fast as a loom. The fabric produced has none of the elasticity associated with knitted material and can be handled exactly like conventional woven materials.

• Better brake performance is in prospect now that laboratory tests on adhesive bonding of brake linings to shoes or bands have proved successful. In addition to providing uniform adherence between the lining and shoe, the new method of mounting is simple and quick and will probably minimize expensive scoring of brake drums.

• Water-resistant matches, a wartime development for amphibious and jungle use, will soon be available to civilians. Fishermen, golfers, and farmers will be able to buy them in packages containing eight pocket-size boxes of 40 matches each. The matches are said to light after four hours submersion.

More Nutritious Food from mineral-rich soils

NATURE HAS PROVIDED us with a generous supply of rich minerals which are essential elements in a properly balanced diet for growing crops—and for you and your family.

Medical science now knows that many of these basic minerals are required for good health and for resistance to disease. They are obtained from grains, vegetables and fruit grown on mineral-rich soil and from the meat of animals grown on mineral-rich feeds.

Nutritionists and physicians are concerned about shortcomings in our diet as a result of increasing mineral deficiencies in our soil. Minerals naturally present in the soil are rapidly depleted by the demands of growing crops, by leaching of the soil and by other causes. These essential minerals must be replaced regularly by the application of plant foods on farm lands.

The need for these basic minerals for plant

growth, for animal feeds and for a nutritious human diet will be greater in the future than ever before.

Since 1909, International has been one of the nation's largest producers of plant foods for a wide variety of crops. During all these years, International has carried on an extensive research program, through its own staff and in collaboration with Universities and Agricultural Experiment Stations, to develop improved plant foods and to increase the effectiveness of their use on the farm. And now to help make possible the most effective use of our rich resources of natural minerals to hasten the realization of the scientist's search for a diet which will provide more abundant health for all our people.

International Minerals & Chemical Corporation, General Offices: 20 North Wacker Drive, Chicago 6.



INTERNATIONAL MINERALS AND CHEMICALS serve you in many ways through industry and agriculture: POTASH and PHOSPHATE for industrial chemicals and fertilizers, HIGH-PHOSPHATE PLANT FOODS for larger yields of quality crops. CHEMICALS: Potassium Chlorate, Silica Gel, Epsom Salt, Defluorinated Phosphate, Sodium Silico-Fluoride, Sulphuric Acid. PRODUCTS for the food and pharmaceutical industries: Mono Sodium Glutamate for finer tasting foods, Glutamic Acid, Glutamic Acid Hydrochloride, Betaine, Betaine Hydrochloride.

That the leading classified media of the Nation are also the principal newspapers in their fields. There is no other yardstick that quite so truly plumbs the depth of public confidence in a newspaper.

**FOR A
GENERATION**

The San Francisco Examiner has maintained its classified advertising position among the first eight newspapers of the Nation.

THE SAN FRANCISCO
Examiner

NEWSPAPER NUMBER ONE

Nationally represented by
Hearst Advertising Service

Radio Advertising Snaps Back

Quick resale of large portion of canceled hours gives to rumors of disastrous cutbacks. Trend to cheaper talent is seen. Meanwhile, magazines extend gains over last year.

After some of the smoke had cleared away this week from the explosion of network program cancellations that big sponsors like Lever, Chrysler, and General Motors recently touched off, it developed that the radio advertising situation isn't nearly as serious as rumors originally made it out to be.

● **Over-All Sales Are Up**—Indubitably, a total of 21 sponsored hours per week blew up on the four major networks almost overnight. But 13 hours already have been resold, and the rest presumably will be filled from a waiting list by fall. This network "billings" (radio's name for revenue) may not be affected to any noteworthy extent (currently, network time sales are up about 4% over last year). If a dip comes at all, it will probably occur this summer when more sponsors than last year appear willing to take a seasonal layoff. At mid-week, the box-score looked thus:

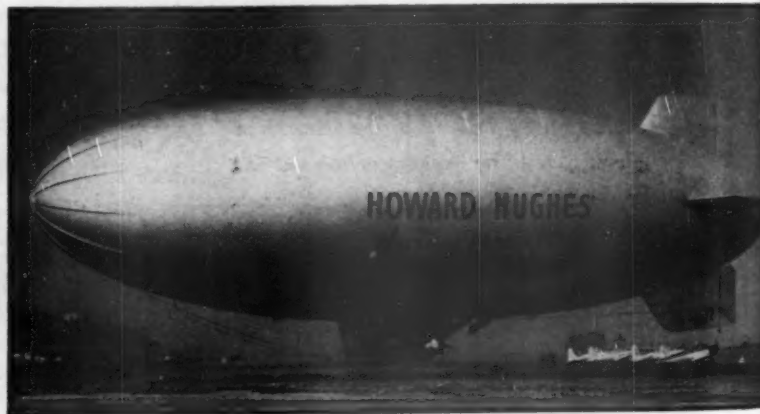
American Broadcasting Co.: Sponsors canceling shows in whole or part include Sweets Co., Larus & Bro., Philco, Mars, Liberty magazine, Scrutan, and Armour.

Offsetting new business will derive from Lance (confections), Swift, U. S. A. recruiting service, Seeman Bros., America's Future (publications), Hasbro Mfg., and Wildroot.

Columbia Broadcasting System: commitments are coming from Coca-Cola, Celanese, Chrysler, Ballantine, Ballard, Continental Can, Ferry-Morse, Seed, General Electric, Lever Brothers, Lewis Howe, Textron, U. S. Rubber and Wrigley. New programs have been signed up by Campbell Soup, Pillsbury, Paul, Eversharp, Household Finance, American Home Products, American Home Foods, Wrigley, Toni, and Peter & Gamble.

Mutual Broadcasting System: grams due to fold up include offerings by Gum Labs, American Bird Products, William Wise, General Foods, Players' Group, R. B. Semler, Pepsi-Cola, Wander Co., Knox Co., Scrutan. Newcomers include Adam Stores, Commercial Credit, Quaker Oats, and Ronson Art Metal Works.

National Broadcasting Co.: Canc



FLOATING BILLBOARD FOR SKY HIGH PROMOTION

To advertise his controversial movie, Howard Hughes bought a surplus Navy blimp (above), equipped it with neon-lighted 25-sheet skyboards which automatically flash THE OUTLAW and JANE RUSSELL. The blimp—with crew of five—cruises nightly over Los Angeles where, following revocation of a police ban on indecency (BW—May 4 '46, p. 20), the film grossed about \$400,000 in nine weeks. Hughes' stunt stole a march on Douglas Leigh Sky Advertising Corp., New York, which had announced similar service by blimp beginning this summer. He had signed Metro-Goldwyn-Mayer as its first client (BW—May 4 '46, p. 20).

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Do they call you "a good boss"?

any company, whether it cultivates it or not, inevitably acquires a reputation as either a good place to work or a bad one.

To every employer, a good reputation has an importance and personal satisfaction. It is a practical operating factor. It affects the company's ability to attract and hold good men. It subtly influences the working attitudes and efficiency of the company's man-power.

If you will look into the personnel policies of the "good places to work," you will find a substantial number have pension plans in operation.

A pension plan contributes to the smooth operation of a business in several ways. First, it is a welcome expression of the employer's interest in their personal welfare. Second, it assures your older men a greater measure of security. Third, it offers the promising youngster and the man in prime a chance to move ahead through regular retirement for their seniors.

These are real benefits. They pay off in contentment, loyalty, stability.

The John Hancock will be glad to put its extensive pension plan experience at your disposal. These plans are broad in scope, adaptable to your special needs. Conditions for their installation are especially favorable right now.

A note to your local John Hancock agent will bring detailed information.

John Hancock
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS

GUY W. COX
Chairman of the Board

PAUL F. CLARK
President

Contact KAYDON of Muskegon

FOR ALL TYPES OF BALL AND ROLLER BEARINGS
4 INCH BORE TO 120 INCH OUTSIDE DIAMETER



KAYDON BEARING SERVICE IS COMPLETE

KAYDON... The Bearings that say: "It CAN be done!"

KAYDON Bearings are helping to "make dreams come true" for designers of modern machinery now making the most of the technological advances of the past several years. Heavy-duty machines capable of greater speed, heavier loads, greater precision in performance, longer life... machines capable of greater production at lower costs... are being engineered with KAYDON bearings.

The KAYDON line is so complete, with such a broad line of types and sizes of ball and roller bearings... from 4" bore to the unusually large 120" outside diameter bearings... that

many former handicaps to design are now removed. KAYDON Bearings have become known as the line that helps designers say: "It CAN be done!"

KAYDON also offers manufacturers of precision parts the following modern facilities and services: Atmospheric controlled heat treating, precision heat treating, salt-bath and sub-zero conditioning and treatment, microscopy, physical testing and metallurgical laboratory services.

Counsel in confidence with KAYDON. Engineers who are specialists in modern bearings will gladly cooperate with your organization.

KAYDON Types of Standard or Special Bearings:

Spherical Roller • Taper Roller
Ball Radial • Ball Thrust
Roller Radial • Roller Thrust

THE KAYDON ENGINEERING CORP.

MUSKEGON • MICHIGAN

tions have been announced by Westinghouse, Lever Bros., General Foods, General Motors, and General Electric. The business includes an RCA program, an unnamed sponsor who is taking the spot vacated by Lever Bros.

• **Two-Way Savings**—Reasons for cancellations are twofold. Practically the giants—G.E., Westinghouse, General Motors, etc.—are short of product and want to cut corners on expenses in order to keep their earnings from falling too far.

The second category of cancellations is represented solely by Lever Bros. Why this heavy spender should be cutting on radio while competitor Procter & Gamble shows no similar tendency (P.&G. in fact, snapped up one Lever program as soon as it was canceled) is still something of a mystery. One group of guessers believe that Lever's president, Charles Luckman, is getting ready for a bigger flirtation with printed media. More plausible is another speculation: That Lever is saving dollars to send to the English company inasmuch as England is woefully short of American exchange.

Why radio should have its knuckles rapped hardest by the retrenchment is easy to answer. Savings-minded advertisers gain both time and talent when they drop radio.

The networks make no secret of this and even profess to see a silver lining in the cutbacks. They figure that the new batch of sponsors will usher in an era of cheaper talent, thereby partially making the rising costs of star talent who can make radio so vulnerable to economy maneuvers.

• **Price Tags Are High**—As is, the program trend for years has been toward name comedians (currently, eleven of the 16 best-rated programs have comedians as main ingredient). But the dearth of funny people has made the price tag on the Jack Bennys and Fred Allen extremely high.

Now networks and talent agents want to stimulate a trend toward musical variety shows. These would be modern versions of the Rudy Vallee program of the 1930's, involving an orchestra, personable leader, and specialty acts. Talent in this field is relatively plentiful, and quality can be obtained at reasonable prices.

• **Magazines Gain**—Meantime some revenues for the printed media have been panicky stories that (1) a major crack in advertising is impending, and (2) agencies are getting ready for drastic cuts in personnel.

Magazine and farm paper revenues continue to keep about 20% ahead of last year. Although the weeklies have had a few ups and downs (mainly because of reshufflings due to strikes), many of the newer publications have failed to make a hit at the newsstands.

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May 11 '46, p71), the magazine as a whole is rosy. Revenues, in may pile up faster than ever after increases, scheduled for summer fall, take hold (BW-Mar. 2 '46, p. 1). And the over-all circulation situation is still on the upgrade.

rumors of drastic personnel cuts in agency field are half-truths. Where cuts have cut appropriations there have been some economizing on personnel while virtually all the big houses want to overload their staffs at a time when more unionization is not out of the question.

Rule in Reverse—But the major reason for dismissals is the return of ex-servicemen. During the war, inductees commonly were replaced on the "3 for 2" principle—that is, three new, lower-paid employees were hired for each two returning members. Naturally, now that a large number of the original employees are returning, the 3 for 2 deal is working in reverse.

All in all, sober feeling persists that the whole advertising in 1946 will live up to the glowing predictions made at the end, if for no other reason than that national income is at all-time



BALANCE UNEQUALS

The Air Boy Ring Swing, a combination merry-go-round and teeter-totter, defies the laws of leverage to accommodate persons of unequal weight, for example, inventor E. E. Miller of Wrenna, Ohio, and his daughter (above). Seats are fixed on a steel circle to which a chain is attached at adjustable intervals. The chain terminates in a swivel to permit the swing to turn in any direction. Miller, who got the idea from preflight training devices used in the Army, is dickering with Pittsburgh Steel Co., among others, for its manufacture, estimates it will retail at around \$16.

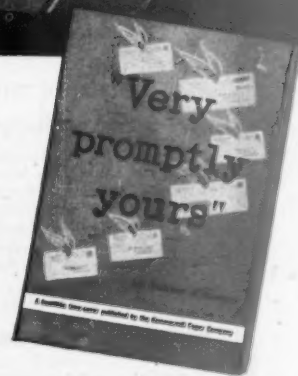


Is your desk a "junk-heap"... Swamped with mail?

...If so, very likely you can use the suggestions in "Very Promptly Yours."

This concise Hamermill idea-book has helped thousands of busy men solve the same mail problem you have. It shows how a very simple system will speed up your correspondence, bring you the file information you need, route your mail without delay to the people concerned. It shows you how to answer today's mail TODAY. Just send the coupon.

And here's a simple way to take the headaches out of your paper selecting: rely on Hamermill Bond—the paper made for business use. Check the coupon for a sample book showing the new color range.



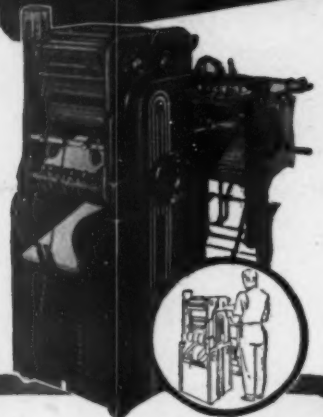
**SEND FOR THIS
FREE BOOK!**



Hamermill Paper Company, 1455 East Lake Road, Erie, Pennsylvania
Please send me—FREE—copy of "Very Promptly Yours." (Check here ☐ if you'd like a sample book of NEW Hamermill Bond.)

Name _____ Position _____
(Please attach to, or write on, your business letterhead)

This is it!



.... the duplicator
that gives you
5 methods of
reproduction

This one machine
will reproduce from:

- Paper masters—for producing multiple copies of letters, bulletins, office forms, drawings, charts, etc., prepared with pen, crayon, typewriter or any other typing machine.
- Metal offset plates prepared photographically—for fine halftone and multi-color work.
- Printers' type—ideal for imprinting work.
- Electrotypes—for exceptionally long runs.
- Rubber plates—for envelopes, shipping tags, etc.

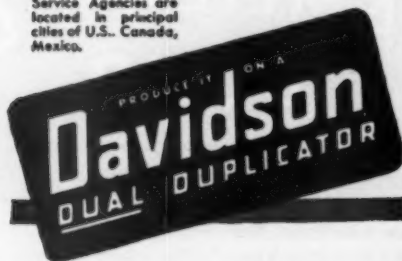
And only a Davidson can give you all this in one machine.

Get this FREE book

Contains full details about the Davidson... how it can cut your costs and improve efficiency. Write today.

DAVIDSON MANUFACTURING CORPORATION

1034-60 West Adams Street, Chicago 7, Illinois
Davidson Sales and Service Agencies are located in principal cities of U.S., Canada, Mexico.



Flood for Peoria

All the merchandise it can buy is promised Illinois area in a new-type test that actually will measure sales potential.

This month the Silex Co. (coffee makers, steam irons)—and other durable goods manufacturers that accept Silex's invitation—deliberately will begin a systematic flooding of Peoria, Ill., and surrounding counties with enough merchandise to surfeit goods-hungry consumers.

• **Actual Measurement**—Labeled "market absorption plan," Silex's idea is to create normal conditions during abnormal times and thus measure the post-war sales potential by actual test. Peoria (population approximately 108,000) and the ten counties (Peoria, Knox, Tazewell, Fulton, Stark, Marshall, Woodford, McLean, Logan, and Mason) were chosen because:

- (1) Conditions during and after the war remained fairly stable in those communities.
- (2) Cross-distribution is at a minimum.
- (3) The population is not so great that purchases will cause a serious drain

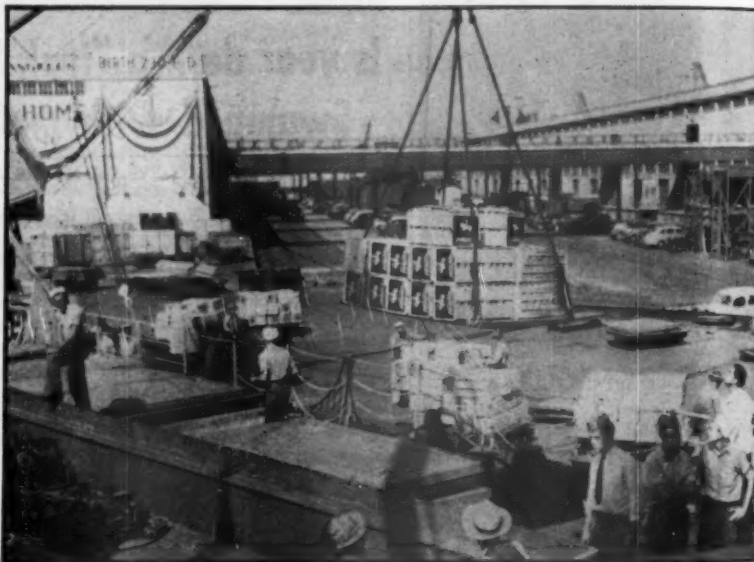
on distribution in nontest territory.

(4) The area is fairly isolated.

• **Check on Overexpansion**—In common with most manufacturers, Silex has a backlog of millions of dollars in inventory. But before running any risk of expanding plant facilities or of attempting to amass too big a raw material stockpile at high prices, Silex decided to get an inkling of the real postwar market. J. M. Moore, general sales manager of the company, fathered the "market absorption plan" to give some clue for the future.

Now Silex is inviting hundreds of durable goods makers—including all competitors—to join hands in heavy furniture, refrigerators, radios, household wares, and other merchandise on test area to create near-normal supply conditions with all possible speed. During the early period, week-by-week results will, of course, have little significance. Spill-over demand, purchased from outside the test area, and so-called panic-buying will tend to distort picture.

• **Two-Phase Program**—But after perhaps six months, Silex hopes that Peoria will lose its initial hunger. And when the sales chart begins to show a downward curve, the suppliers can calculate roughly (1) the size of the initial demand market, (2) its relationship to time, income, and other factors, and



LONG WAY AROUND TO EASE SHIPPING SHORTAGE

At Los Angeles, the Navy-operated Malabara picks up 24,000 boxes of oranges headed for New York via the Panama Canal. Faced by a shortage of refrigerator cars, California Fruit Growers Exchange has arranged to use two War Shipping Administration vessels—with more available later—to transport 50,000 boxes of fruit weekly to the East this summer. Time required may be two weeks compared with rail time of ten days; total rate is about \$1.05 per 100 lbs. compared with \$1.30 by rail. But on refrigeration, the ships have the advantage. Due in New York June 15, the Malabara carries strike insurance.

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ing on.
At this stage, phase two of the opera-
on will begin. This will consist of
ting a clew to the typically normal,
buyer's, market and how to exploit
at a given level of per capita income.
Whereas the first phase of the opera-
on will not be accompanied by any
gging (except adequate dealer dis-
y), the second will be studded with
mation and advertising.
All in all, Silex hopes that the plan
enable a forecast of the future by
out a year, and that it could be made
yield such byproduct data as influ-
ce of prices, demand for new prod-
es, efficacy of certain types of pro-
otion, etc.
Voluntary Basis—All regular Silex
lers and distributors in the Peoria
a have agreed to the test and will
d sales reports—by units, not dollars
weekly intervals. According to the
n, sales reports of any other manu-
cturers who join will be gathered sep-
ately and not pooled for all to see.
by comparing notes, on a voluntary
is, the manufacturers could get a
ter idea of how the market was
ping up, and what type of products
the biggest play.
How many partners Silex will get is
d to gage. But initial comment is
ouraging, and is especially enthusias-
on one point: Regardless of results
duced, the effort—unlike most mar-
measurements—won't cost the par-
ticipants much more than the postage
dealers' sales tabulations.
Silex says that even if it has to run
test single-handed, it plans to stay
it at least two years.

METABLES MADE EASY

For those who can't or won't learn
to read timetables, Transportation
Publishing & Research Corp. last week
launched a new monthly magazine,
Business Traveler. It will eventually be
published in at least a dozen editions
in as many cities, and will list all air
and rail passenger transportation from
each home city to about 30 others, in-
cluding departure, regardless of carrier.
For example the New York edition,
which appeared June 8, lists passenger
train and airline departures (and return
trips) from New York to Chicago,
Cleveland, Dallas, Detroit, St. Louis,
San Francisco, and other destinations.
The schedules also show fares, types of
accommodations offered, travel time,
ground transportation and meal
service in the case of airlines.
Subscription price is \$6 a year; one-
page, one-page advertising rate is ex-
pected to be \$100 to \$120; and the
initial circulation of the New York edi-
tion is 1,000, with at least 10,000 the
ultimate goal.



How Two Loans Helped a Business Grow 1500%

WHEN War broke out, one of the
first firms the Navy turned to for
help was the Pollak Manufacturing
Company.

Organized in 1923, it had 400 em-
ployees at the outbreak of the War.
Its annual sales totaled \$2,000,000,
chiefly from the sale of ordnance to
the Government.

The Company was asked to in-
crease its output of such precision
products as percussion fuzes, bomb
racks, smoke-screen tanks, and gener-
ators. To do this, it needed new financ-
ing. The Bank of Manhattan provided
a loan and helped with counsel based
on the wide business experience and
contacts of its officers.

The firm expanded and production
increased. Two years later, additional
funds were needed. Again, the Bank
of Manhattan helped out. Eventually,
the Pollak Company's annual sales
volume reached \$30,000,000, and its
personnel grew to 4,800. It not only
produced but invented many vital war
items, trained other contractors and

was one of the first companies to re-
ceive the Army-Navy "E" Award with
five stars.

Although the War is over, Pollak is
still moving ahead. Its wartime loans
have been liquidated. Aided by the
Bank of Manhattan, it is buying an-
other plant, larger than all its pre-
war plants combined, to be used for
the production of a new line of peace-
time products.

The Bank of the Manhattan Com-
pany has assisted many firms, such as
the Pollak Company, with loans, and
equally important—with helpful,
understanding advice.



**Bank of the
Manhattan Company**

NEW YORK

COMPLETE TRUST SERVICE

Member Federal Deposit Insurance Corporation



These features of the R. C. Allen 35
10 KEY CALCULATOR
make it a truly outstanding business machine

- It Adds, Subtracts, Multiplies
- It has fully Automatic Division
- Its 10 keys allow fast touch system
- It clears with touch of single key
- It shows all three problem factors at same time
- It occupies less desk space than a letterhead
- It is small, versatile, dependable

R.C. Allen Business Machines

ALLEN CALCULATORS, INCORPORATED

678 FRONT AVE., N. W. GRAND RAPIDS 4, MICHIGAN

ADDING MACHINES • CALCULATORS • BOOKKEEPING MACHINES • CASH REGISTERS

FOR YOUR NEW PLANT CRANDIC INDUSTRIAL DISTRICT



- LOCATED IN IOWA'S LEADING INDUSTRIAL CITY
- ANY SIZE TRACT — 800 ACRES AVAILABLE
- CONVENIENT TO POWER, WATER, SEWER, TRANSPORTATION
- TRACKAGE ON PROGRESSIVE ELECTRIC RAILWAY

Crandic Industrial District, ideal for your plant location, is within the corporate limits of Cedar Rapids. The Cedar Rapids and Iowa City Railway either owns the land or has it under option, providing you with as much as 800 acres of attractively priced land, available for immediate development. Trackage will be provided by the Cedar Rapids and Iowa City Railway which has direct track connection with four major railway systems. Take advantage of Iowa's skilled labor supply, wealth of raw materials and vast network of power and railroad facilities by locating your new plant in the Crandic Industrial District of Cedar Rapids.

WRITE FOR MAP AND COMPLETE INFORMATION

CEDAR RAPIDS and IOWA CITY RAILWAY

A. R. SWEN, GEN'L SUPT., CEDAR RAPIDS, IOWA

The
CRANDIC
Route

Checkup on 580

Survey mapped by OPA to determine how well retailers comply with order that fixes margins on individual items.

Undeterred by doubts over the future of the OPA, the Federal Trade Commission has completed plans for a nationwide check-up this summer on price compliance in stores covered by the National Retail Order 580, which last year established a definite margin relationship between costs and selling prices on individual items.

Called in for consultation with the agency were special advisory groups representing retailers of men's and women's wear, and general soft-line merchandise. Furniture retailers, also covered by the order, conferred with OPA earlier and a survey for them is getting under way this month.

• **It Isn't a Drive**—Both OPA and retailers stressed that the check-up is a compliance survey and not an enforcement campaign. Only paid OPA personnel will do the checking, which will consist of measuring prices actually charged against the retailers' own pricing charts prepared and filed with OPA in accordance with 580 rules.

Retailers found to be noncompliant will appear before a board composed



POSTED: NO SELLING

For the first time, a retail business had to suspend operations for violation of OPA regulations. The price agency and Kings County Supreme Court combined to prohibit Carmine Pucci, Brooklyn, N. Y., from operating his butcher shop from June 3 to July 7, and publicly placarded the establishment (above). Heretofore, OPA has merely fined offenders and suspended sales only of commodities in which violations occurred.

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workers and carefully selected vol-
unteers who could not be expected to
benefit from trade data thus revealed.
A calling on the carpet is expected
to be chastisement enough, but any
recalcitrant merchants will be
subject to prosecution under regular
damage procedure.
Expectation—Retailers look for the
arresting of only a few violators. A
spokesman for the American Retail Fed-
eration declared: "These will be persons
who have misunderstood or misinter-
preted the regulations. Order 580 has
been one of the most acceptable under
which we have operated. While retailers
have been able to read all the Office of
Price Administration's orders, it is
absurd that some could lift the total
back of them."
In any event, OPA hopes to benefit
from control legislation as it now stands
and put more authority into the
hands of advisory committees. Groups
consulted in preparation for the surveys
ought come in handy later.

Two more big publishing houses are
increasing magazine prices. Life, with
the June 17 issue, goes from 10¢ to
15¢ per copy, while the subscription
advances from \$4.50 to \$5.50 an-
nually. McCall's per-copy price is being
raised from 15¢ to 25¢ beginning in
September, while the subscription rate
rises from \$1.50 to \$2.50.

Philo is hedging against the critical
lack of wood by acquiring 22,000 acres
of standing timber in North and South
Carolina. Southeastern Industries, a
Philo subsidiary, will handle the lum-
ber operation.

The Federal Trade Commission has
issued a complaint against Sterling Drug
charging (1) that radio advertising for
Bayer Aspirin is represented as being
sponsored by the druggists of America,
whereas Sterling is the real sponsor, (2)
that the price of Bayer Aspirin is repre-
sented as having been recently reduced
to 15¢ per dozen, whereas that price
has been standard for several years, and
that certain claims for Phillips' Milk
Magnesia Skin Cream are false and
misleading.

A. Hollander & Son, Inc., is the latest
big name in the fur business to cultivate
the market for mouton, a fur made of
processed sheepskin (BW—Mar. 9 '46,
p. 8). Hollander will not buy or sell
mouton, but will process it for other
firms which will sell it under the Hol-
lander trade name "Moutria" (chosen
because of the fur's resemblance to
Austria).

Addition of winter sports apparel by
Jantzen Knitting Mills is a continu-
ation of the diversification policy under
which Jantzen eventually will offer
sports clothing of all types.



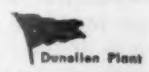
“ ”
is the answer a
Resyn adhesive

EACH "RESYN" Adhesive is a complex blend that is designed to do a specific job exceedingly well. Many amazing developments have resulted from applying them to packaging, converting and assembling operations previously thought to be at their highest level of efficiency.

Why? Because "RESYN" adhesives provide higher resistance against all forms of moisture and temperature variations. They're vermin-proof, mould-proof, age-proof. They're economical. They increase production speeds, reduce supervision, offer greater versatility, spread and penetrate uniformly, and bring increased sales advantages to many products.

What are some uses? *In bag making:* for difficult stocks . . . breather action . . . moisture vapor barrier. *In luggage making:* for softness and pliability . . . resistance to fungus . . . laminating before shaping under heat and pressure. *In chemical packaging:* for all-purpose, all-weather labeling and overcoating on wood, fiber, painted steel, tin and glass. *In upholstery:* for adhering cloth to cloth, chipboard, wood, metal, wadding, etc.

A whole new world of uses is opening up for "RESYN" adhesives. They're readily available, so get acquainted with their types, properties, uses. All are clearly explained in National's booklet: *When and How to Use "RESYN" Adhesives*. Write for your copy — NOW!



● Offices: 270 Madison Avenue, New York 16; 3641 So. Washtenaw Avenue, Chicago 32; 735 Battery Street, San Francisco 11, and in other principal cities. In Canada: Meredith, Simmons & Co., Ltd., Toronto. In England: National Adhesives, Ltd., Slough.



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LABOR

Dayton: 'Union Battleground'

Communist issue drags C.I.O.-A.F.L. fight into the open. President of U.E. local transfers to rival brotherhood, seeks to lure former fellow members into following in his footsteps.

What gives every promise of developing into a nationwide fight to the finish between A.F.L. and C.I.O. units in the electrical manufacturing industry has broken into the open at Dayton. Ralph E. Moses, president of Local 801, United Electrical, Radio & Machine Workers (C.I.O.), and Ben R. Cromwell, financial secretary, have resigned and transferred to the International Brotherhood of Electrical Workers (A.F.L.) urging members of Local 801 who are not affiliated with the Communist Party to follow their leaders' footsteps.

• **Years of Strife**—Back of the resignations of Moses and Cromwell are years of deep-seated dissension within the ranks of the local, principally because of what Moses says is the infiltration of Communists. The situation was brought to a head by a beating Moses suffered at the hands of three unrecognized assailants on the night of May 4. Moses blames the attack on his fight against communistic activities by some Local 801 members.

Both Moses and Cromwell say that their action was due solely to the Communist question despite the fact that their resignations were followed by a formal ouster voted by Local 801's executive board. Moses loudly denounces as out and out Communists James J. Matles, director of organization of U.E.; Julius Emspak, general secretary-treasurer of U.E.; Neil Brant, chairman of the union's G.M. negotiating committee; Henry Fiering, U.E. international representative stationed at Dayton; Melvin Hupman and Mrs. Pearl Hupman, both prominent in affairs of Local 801; and Russ Richeson, former steward in 801. Moses charges this group with sowing seeds of dissension within the ranks of the local membership.

• **Asked A.F.L. Advice**—Completely fed up, Moses and Cromwell approached John E. Breidenbach, president of the Dayton Central Trades Union (A.F.L.), as long ago as mid-April for advice on how to go about cleaning house within the local.

Breidenbach, who insists the present fight is not a raiding expedition by A.F.L. but a move to suppress communism within the Dayton area, pointed out that in I.B.E.W. of the

A.F.L. Moses and Cromwell had a union ready and waiting for them to join. I.B.E.W. has 32 classifications for membership eligibility.

• **Organizing Campaign**—Breidenbach, who has acted as labor adviser to John Bricker through his successful election campaigns for governor of Ohio and currently in his race for the U. S. Senate, spent \$700 A.F.L. money toward the cost of preparing and mailing letters to 8,000 members of Local 801. The letters were dropped into the mail within a matter of hours after the Moses-Cromwell resignations were announced. They asked the U.E. members to quit Local 801 and follow Moses to the A.F.L. ranks.

Breidenbach has thrown the full weight of the Dayton Central Trades

Council behind the efforts of Moses and Cromwell in urging members of Local 801 to resign during the "escape" period, June 10-19 inclusive, provided the new two-year contract ratified by members May 5.

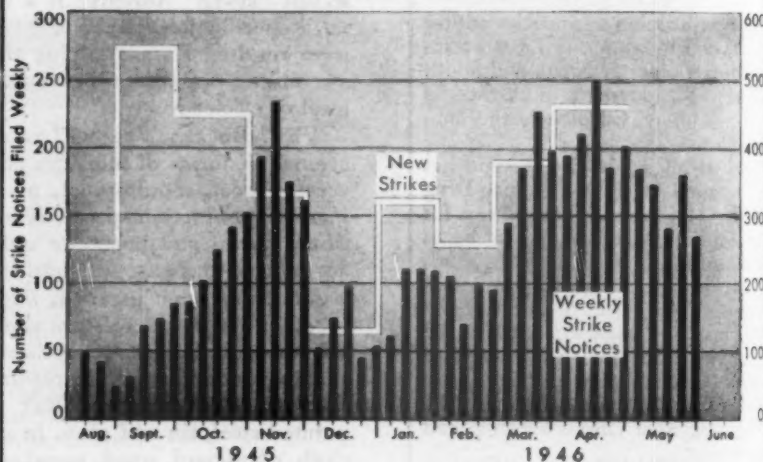
Organizers from the 48 A.F.L. local in Dayton and Montgomery County have been set to the task of aiding Moses and Cromwell in their organizational drive. In addition, ten other A.F.L. organizers have been brought into Dayton.

• **C.I.O. Sees a "Smear"**—At a meeting in A.F.L.'s Labor Temple the evening of June 10, attended by 30 or more Moses-Cromwell cohorts, some of the shop stewards and officers of 801, Moses proudly riffled through stacks of letters (he asserted there were more than a thousand) from Frigidaire employees who have aligned themselves under his banner.

Meanwhile, Henry Fiering, U.E. international representative, sees the Moses-Cromwell revolution as a move by A.F.L. to "smear" the C.I.O. and particularly, U.E., hoping to put a communistic tag on U.E. to such extent as to hinder the organizational drive soon to start in the South.

• **Political Implication**—Fiering also sees in Breidenbach's activity a move to swing a sizable block of votes in

MANY STRIKES STILL THREATEN



Date: Bureau of Labor Statistics

© BUSINESS WEEK

The Connally-Smith War Labor Disputes Act has one useful provision: the statistician and forecaster. Under its terms, labor unions must file with the Dept. of Labor notice of intent to strike 30 days before a walkout. Each week the Labor Dept. totals the notices it receives and the figure is regarded as an index to the state of labor unrest. Since V-J Day, weekly strike notice totals have fluctuated between 24 (in the week ended Aug. 29) and 250 (in the week ended Apr. 17). A glance at the chart will show, however, that this does not signify an evenly developing upward trend. The first week in June, 134 notices were filed, less than in any week since February. More importantly, however, as the number of new strikes charted above reveals, there is little fixed relationship between strike notices and actual strikes.

THE LABOR ANGLE

Strikes

This, the calmest week on the labor front since the oil and lumber walkouts initiated the greatest strike wave in our history last September, is a good opportunity to consider a few basic facts in an atmosphere free of the hysterics engendered by screaming headlines.

We know that the 1945-46 strike wave had its causes rooted in economic and psychological circumstances shaped by the war and its ending. Those causes may never be present again and there may be no need for the nation to change valued and familiar patterns in order to avert another such economic cataclysm. But no one can be sure of that. It is elementary self-preservation which has led to the quest for laws which will make it certain that our economy is not dealt again another such stunning blow.

The laws which have been proposed, however, assume that the way to avoid strikes is through union regulation. Now union regulation may be socially desirable for its own sake, but it is not a scientific approach to the problem of how to end strikes. Strikes are the result of workers' availing themselves of a right our society confers upon them. As long as that right exists—no matter how tortuous is the process through which that right must be exercised or how thoroughly regulated are the institutions in which workers are joined—the danger will exist, at least in theory, of work stoppages which can paralyze the economy.

Prevention

Unpleasant as the conclusion may be, the only way to be sure that no strikes will occur is to prevent workers from collectively leaving their jobs. Perhaps what this means in terms of revising our fundamental concepts of individual freedom is so distasteful that we would prefer to take our chances with strikes.

But a determined government can provide legal sanctions effective enough to prevent strikes it doesn't want. Russia, Germany, and Italy have done it. We certainly do not want to follow their example, but in theory, at least, it can conceivably be done here. Assuming that no strikes is the end we seek, the big question is how to achieve it with a

minimum of violence to our existing democratic institutions.

The answer to that is arbitration by boards or individuals selected by the parties themselves. Such a method would simply expand the arbitration process already operating in a majority of labor contracts to cover all matters which can be the cause of strikes, even including differences which may develop in the negotiation of new contracts. And as now under many existing labor agreements, it would be provided that if the parties are unable to agree on an arbitrator some outside agency would name him.

Neither management nor labor will voluntarily renounce sovereignty over matters which they have not agreed to put into contracts. Both put an extremely high value on their freedom to make their own decisions about the terms of any new agreement. But how else can the democratic processes of collective bargaining be best preserved when the right to strike is removed? If it is provided that disputes cannot be submitted to the arbitrament of strikes for decision they must be submitted to some other arbitration.

Compulsion

Compulsory arbitration has been opposed both because it invades sovereignty and because it envisioned the creation of a government caste of professional arbitrators who would be subject to political considerations. Under any such system the sovereignty of labor and management, once collective bargaining has been exhausted, cannot be preserved. But the politicalizing of the process can be avoided. An arbitrator whose selection and reappointment depend on his impressing both management and labor alike with his fairness and intelligence is responsible to different considerations.

If totalitarianism is to be avoided when legal sanctions to prevent strikes are enacted, then it is inevitable that the disputants will be compelled to accept some form of arbitration. We seem determined to try a "little" strike control which, if ineffective, will be followed up with more. Such step-by-step thinking makes it difficult—but all the more necessary—to keep firmly in mind the fact that we are traveling down the road to compulsory arbitration.

coming election from the C.I.O.-C. endorsed candidates to the Republican fold and, especially, for his and Bricker.

ing hoots at the claim of any wholesale desertion by the rank and file of Local 801 members from the union, and since, under the terms of the contract, members wishing to renege must notify the local and management by registered mail, the 15 resignations he claims to have received the first day of the escape period represent about the same number received on the corresponding date of a year ago.

Meanwhile, Dayton officials of Frigidaire are saying nothing publicly of their feelings in the bitter struggle.

Ask Election—Moses and Cromwell have indicated they expect to appear at the National Labor Relations Board for a poll of the 14,000 employees of the three Frigidaire plants in Dayton upon as the escape period is over, using the resignations as an argument against U.E. as bargaining agent at Frigidaire.

They and their friends are making use of every device to acquaint Frigidaire employees of the issues in the strike, including sound trucks with speakers at plant entrances during shift changes, leaflets, radio broadcasting, and space in Dayton newspapers.

U.E. is using similar devices not only to hold their members in line, but to draw into the local those employees who are unaffiliated. It is a battle of words as the plant gates three times each day, both sides admitting only a minor element needed to provoke a clash.

Moses and Cromwell claim that the Communists became openly active in the strike and have displayed increasing aggressiveness since. Moses claims to have solicited for membership in the Communist Party by C. L. Lantz and Richeson, both members of 801, as back as Feb. 24. He also claims to have been solicited for membership in the Communist Party by State Senator Kemit M. Kirkendall, now campaigning for reelection on the Democratic ticket.

Communists Banned—Moses says that the pressure was brought on him by local officers of U.E. for compulsory per capita participation in the C.P.A.C. fund, that membership in Local 801 is denied to Communists through an amendment to the local's constitution which was approved by the members in 1942 specifically naming Communists, Fascists, and Communists as ineligible for membership. The local's constitution was never approved by the national union.

Moses and Cromwell, certainly with the advice of Breidenbach, timed their resignations and call for expulsion of Communists from Frigidaire within the "escape" period in the new contract.



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Unions in Dark

Locals at two atomic bomb projects don't know how many members they have, but they progress despite secrecy.

Enough information has filtered through the veil of secrecy which the Army has draped around union activity at the atomic bomb projects in the West to indicate that the American Federation of Labor has let no grass grow under its feet.

• **No Public Meetings**—At Hanford, Wash., where du Pont operates the plutonium piles for the Army, and at Los Alamos, N. M., where the atomic bomb is assembled under a contract with the University of California, A.F.L. unions are well entrenched, considering the necessary restrictions on their activities. In neither place is there evidence of competition from the C.I.O., as at Oak Ridge, Tenn. (BW—Jun. 1'46, p95), although General Electric's accession to the du Pont contract at Hanford may change that.

Unions conduct their affairs at Hanford and Los Alamos in a sort of economic vacuum. They have been forbidden by the Army to hold public

meetings at Hanford, ostensibly because of the danger that they might secrets.

• **Membership in Doubt**—But agents have few opportunities to contact members of their unions, let alone new prospects. Don Thorburne, A.F.L. international organizer assigned to Hanford, isn't certain how many members his unions can claim there. For security reasons, members aren't permitted to tell him they work at the project.

During construction at Hanford in 1942, the A.F.L. building the unions had the field to themselves. One stage employment reached a peak of 150,000. Two years ago, when the plutonium piles went into operation, the community settled down to a more or less stable employment of 50,000 according to strictly unofficial estimates. Some of the construction workers remained as maintenance men and others became the nucleus of the 90,000 union members said now to be at the project.

• **Union Has Long Move**—One man local of the International Chemical Workers Union, chartered by the A.F.L. in September, 1944, was shifted by the Army from members and officers, from Middletown, W. Va., to Hanford. Marjorie Shafer, international vice-president of the I.C.W.U. at Los Angeles, believed



BASEBALL GUILD TAKES TWO STRIKES

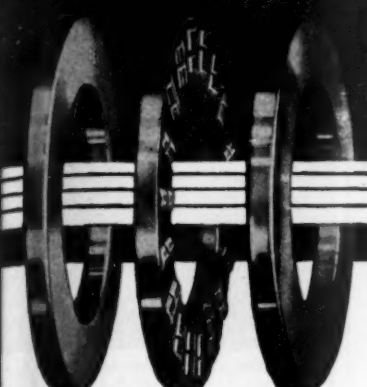
Pittsburgh Pirates listen as Robert Murphy (standing, right), director of the American Baseball Guild (BW—Apr. 27'46, p92), reports refusal of the Pittsburgh club president, William Benswanger (left, with pipe) to O.K. an immediate collective bargaining election. But when it came to a showdown, Murphy's strike appeal won only 20 backers out of 36 Bucs—and players had agreed a two-thirds vote would be necessary for a strike. National Labor Relations Board, after studying a petition for Guild certification and unfair labor practices charges, dealt the Guild a second blow by refusing to order an election or hold hearings at this time which would involve the question of possible jurisdiction by the federal agency over professional baseball teams.

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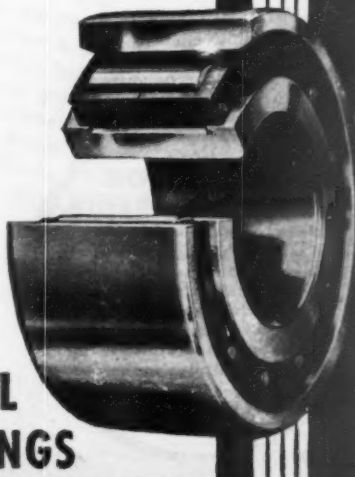
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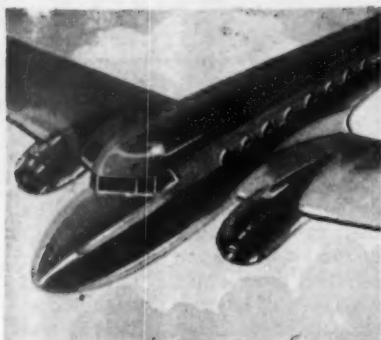
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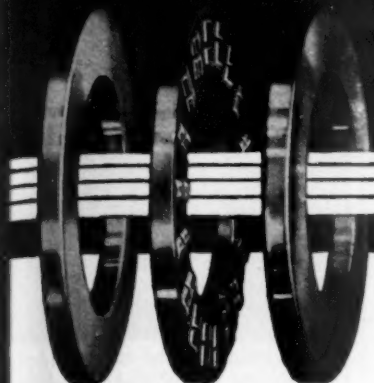


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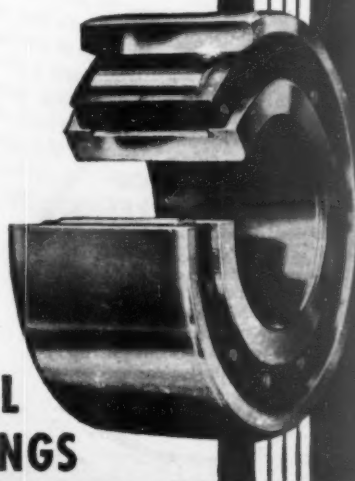
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that the local has signed up all ers who are eligible for his union between turnover and secrecy he sure of the total. Estimates place the neighborhood of 250.

The teamsters union has about members on the project, the open engineers 125, the painters 70, ca ters 80, plumbers and steamfitters electrical workers 60, machinists common laborers 50, technical neers 15, and the ironworkers, metal workers, and boilermakers, more than a dozen or two. All unions are A.F.L. affiliates.

• **Verbal Agreements**—The unions know, and responsible administrators won't say, whether the roll includes other employees in categories who are not union mem Workers are hired by du Pont through the unions, and as Thorburn puts it, "The only way we know the new ones arriving is through men already on the inside." And Thorburn is pretty well insulated those "on the inside," it may be assumed that he doesn't learn much than the Army wants him to know.

No written contracts exist, but ings have been held with du and verbal "understandings" and "memorandum agreements" have reached, according to the unions.

• **Unique Situation**—Some of the secrecy which surrounds unionization the Hanford works will be lifted if I.C.W.U. carries out its intention petitioning the National Labor Relations Board for certification as bargaining agency and NLRB is permitted to follow through. Admittedly that's if. Such a petition was filed last November, three months after Japaneseilities ended, but the Army, "for security reasons," induced Thorburn to withdraw it.

The unions seem not too unhappy about the limitations imposed on them. They are aware that, like the scientists they are exploring virgin fields, the union building tradesmen the lack of a closed shop is unique.

One irritation that the unions are enduring gracefully is the prohibition against holding meetings at Richland the residential community for all Hanford workers. The unions have appealed to Sen. Warren G. Magnuson in Washington for help.

• **More Freedom at Los Alamos**—Through the circumstances that are operating and maintenance contracts Los Alamos was awarded to a subsidiary of the company which built the project, the A.F.L. building trades unions have kept a firm grip on technical operations at the New Mexico assembly plant.

Los Alamos was built largely by El Paso (Tex.) firm of Robert E. Kee, general contractor; its subsidiary

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WELFARE TO LAWYER

Joseph Helstein (above) stepped out of his full-time job as general counsel of the United Packinghouse Workers of America (C.I.O.) and into the union presidency last week as the P.W.A. cleared decks at its Monday convention for a new wage drive scheduled to start July 11. Helstein is credited with the success of the union's strike last winter. The election of the attorney—a precedent-making choice for a union president—was by acclamation after Lewis J. Clark, who faced strong opposition, withdrew his renomination. Clark had won unanimous election as general secretary-treasurer of the union.

Zia Corp., has the operating and maintenance contract.

Zia Corp. employs 2,000 persons at Alamos, about 1,500 of them in categories requiring, under McKee's shop policy, membership in one of the A.F.L. building trades unions. **Working Through Unions**—The unions have not set up new "atomic" locals at Alamos. Skilled craftsmen are funneled to the project through established local unions at near-by Santa Fe, Albuquerque, and El Paso. Common workers are recruited in New Mexico, 75% of them through locals of the L. Hod Carriers, Building & Construction Laborers Union.

Principal union craftsmen employed at Zia are carpenters, electricians, teamsters, plumbers, steamfitters, sheet metal workers, operating engineers, and heat and frost insulators.

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ganizing problem, Los Alamos is no more a business agent's paradise than is Hanford or Oak Ridge. A business agent has to obtain a special pass to reach his members on the job. And when members are doing secret work, he may not see them for weeks.

Service or Else

Federal judge appoints receiver for McNear's T.P.&W., declaring that shippers have a legal right to transportation.

The end of the national rail strike last month didn't mean the end of the eight-month-old strike on the Toledo, Peoria & Western R.R. But resumption of service on the 239-mile "bridge" freight road between Keokuk, Iowa, and Effner, Ind., appeared imminent this week. The road has been idle since the government returned it last October to its union-fighting owner, George McNear.

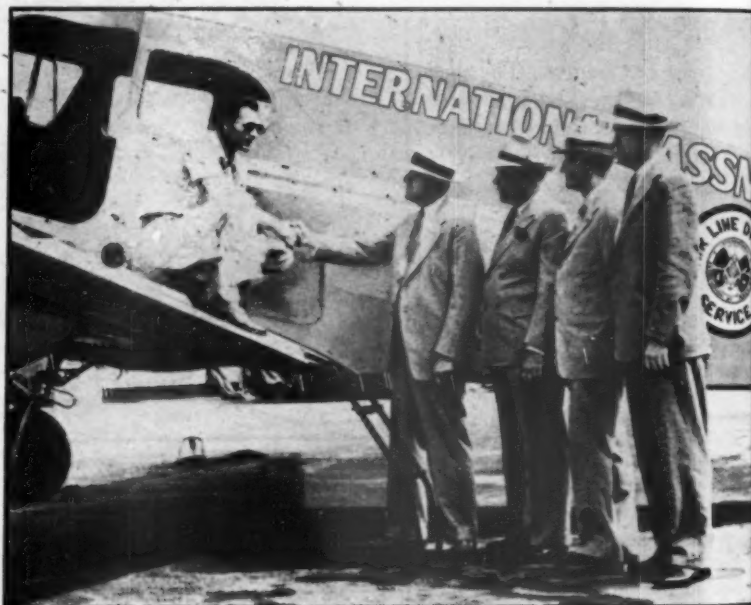
● **Shippers Upheld**—Last week in federal court at Peoria, Judge J. Leroy Adair, ruling in a suit brought last March by 19 shippers dependent on the line for service (BW—Mar. 2'46, p28), appointed a receiver to operate the road

and enjoined both railroad officials striking unions from interfering with his operation. The judge held that shippers have a right under the law to be supplied with transportation and that railroad officials have a higher duty to the public than their private duty to their stockholders.

Union leaders indicated they were willing to return to work on terms that prevailed during the strike and a half years of government operation of the road. Settlement of the rent dispute between McNear and brotherhoods has been blocked chiefly by the question of rehiring employees whom McNear accuses of violence against the railroad during previous strikes.

● **Guards Acquitted**—Trouble between the T. P. & W.'s owner and the union over feather-bed rules dates back to 1941, when engineers and trainmen walked out in protest against a new scale and working rules. The line was seized by the government in May 1942, and operated under federal management until last October.

An attempt in February to run a freight train over the road resulted in a gun fight between pickets and guards in which two pickets were killed (BW—Feb. 16'46, p100). Four guards were accused of murder after the shooting and acquitted in a jury trial last month.



AERIAL OFFICE FOR FLYING MACHINISTS

Signalizing plans for a speedup in union organizing work, the International Assn. of Machinists' new flying office (BW—Jun. 1'46, p100) arrives at a Washington airport after a test nationwide service tour of I.A.M. locals of commercial airline ground crews. Pilot Claude R. Houser, grand lodge representative, is being welcomed by I.A.M.'s president, Harvey W. Brown. Next to Brown (left to right) are Albert J. Hayes, general vice president; Lee Thomas, Machinists Journal editor, and Eric Peterson, secretary-treasurer.

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More Than 18½%

Increase for coal miners amounts to \$1.85 a day. Health fund administration differs anthracite settlement.

The wage increase for bituminous coal miners generally reported as 18½% an hour turns out to be \$1.85 a day. This means that "outside" workers will receive an increase of 21¢ on the basic rate. The announcement came from Vice Admiral Ben Moreell, mines administrator, in bulletin No. 2 interpreting the agreement between the government and the United Mine Workers (A.F.L.).

• **Second Settlement**—The first move put into practice the terms of the coal settlement came just a few hours after anthracite operators and U.M.W. negotiators brought the hard coal strike to an end on terms closely parallel to those for bituminous miners. They were, basically, an 18½¢ hourly boost, a health and welfare fund financed by a 5¢-a-ton royalty on anthracite mined, and vacation and other concessions.

Principal difference was in the administration of the health and welfare fund—by a tripartite board for soft coal miners, by a board of two U.M.W. representatives and one from the operators in the case of the hard coal contract.

Outside employees, including mine and coke oven workers, represented about 15% or 20% of the soft coal miners. They work only eight hours and 15 minutes a day, instead of 12 hours worked by underground miners because they are not involved in underground travel, which is estimated to average about 45 minutes.

These employees, Adm. Moreell ruled, will receive an increase of 21¢ an hour for the seven hours of straight time, and 31½¢ an hour increase for one hour and 15 minutes of overtime, netting them a total increase of \$1.85 a day.

• **Ruling on Fines**—In interpreting bulletin No. 2, the admiral stated the fines and penalties which are to be turned into the union-administered medical and hospital fund are those resulting from "wildcat" stoppages. They do not include other disciplinary actions in district agreements, such as dockage for loading impurities.

For some ten years the U.M.W. bituminous agreement has provided penalties of \$1 a day for unwarranted absenteeism or unauthorized stoppages. Originally the money went to the miners; later it was turned over to charities or the Red Cross. Under the recent agreement negotiated by the

ment it will go into the union's medical hospital kitty.
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Seizure Worry

Allis-Chalmers strike has posed question: Is negotiation possible if either side stands to gain by U. S. intervention?

progress toward settlement of the six-week-old Allis-Chalmers strike involving 30,000 employees was still slight at week. Last week's resumption of negotiations at Milwaukee between management and the focal United Auto Workers (C.I.O.) Local 248 of the Allis plant (16,000 workers) was hindered by charges and counter-charges.

Secretary of Labor Lewis B. Schwelb's threats to seize A-C plants unless the disputants could work out their agreements (BW—Jun. 8 '46, p102) brought down upon him a red hot telegram from the company. A-C's President Walter Geist alleged that the union's apparent indifference in bargaining meetings could mean only that the union held assurance from the Dept. of Labor that seizure would ensue as soon as negotiations reached a stalemate.

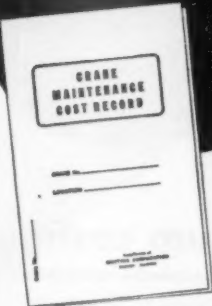
Interviews Cited—To back up its charge, management cited newspaper interviews with union officers at other plants referring to a seizure "agreement" with the Dept. of Labor. Management uneasiness at reports of a seizure order lying unsigned on an assistant secretary's desk was not set at rest by word that such orders are usually prepared at the outset of a major strike.

Presidential delay in seizing either Allis-Chalmers or the strikebound J. I. Case Co. was, in some quarters, attributed to the congressional protests which such action might evoke. It was also pointed out that all post-V-J Day seizures had involved entire industries—not individual companies—except for Illinois Central R.R. and Great Lakes Towing Co., nonmanufacturing enterprises.

What Is Indicated—Whatever the outcome of the seizure threats, the week's developments made clear that neither party to a labor dispute tends to gain greater concessions from government intervention than from sincere negotiations across the table, there is little true collective bargaining.



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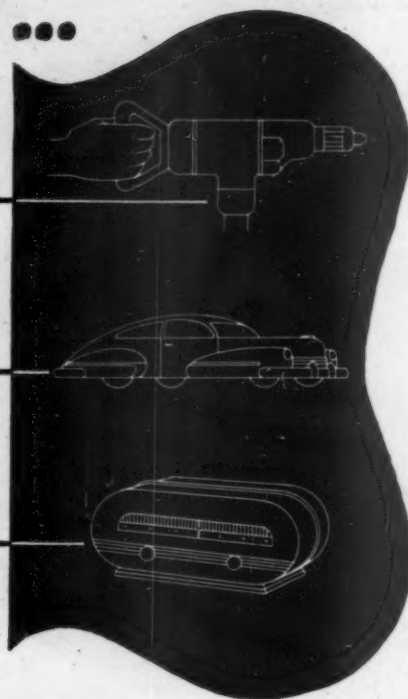
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Reuther on Road

U.A.W. president goes on to mend political fences after board meeting in which he lost one major round and wins on

President Walter P. Reuther of C.I.O. United Auto Workers Union was on the road this week, traveling as he has much of the time since election, trying to mend his political fences.

In a special board meeting in Cleveland last week, Reuther lost one battle and then won another, on union appointments. The board evidenced little desire to unify itself except policy calling for higher wages in the future.

• **Fight Over Richter**—The big pointive dispute revolved around Irving Richter, legislative representative of the union at Washington. Reuther sought his ouster, charging he was a Communist. But the best Reuther could do against the Addes-Thomas-Leonard bloc was to wring a promise of investigation and withdrawal of Richter's nomination if he could definitely be proved a party member.

Having lost, at least momentarily, his first objective, Reuther then gained point. He withstood a drive to remove his brother, Victor Reuther, from the directorship of the Education Department—almost as notable a victory that achieved by his opponents in keeping Richter on the union payroll.

• **Consolation**—Reuther had other consolation out of the meeting to balance his losses on a few minor matters. On several issues he was backed by the members of the board who customarily vote against him—Vice-President Norman Leonard, and Directors Norman Mathews, Joseph Mattson, and George Burt. The Reutherites were cheered by this manifestation, feeling that the man would be able to carry out many of his aims if that vote-potent group continued to vote more on issues at less along factional lines.

On the matter of wages, the board was more united. It decided to recognize rank-and-file grumblings that pay advances are nullifying wage increases (BW—Jun. 8 '46, p86). But it will move cautiously. Reuther began to pave the way this week toward new pay demands but he carefully generalized on what they would be made and for how much.

• **A Breach Is Charged**—Speaking before the Michigan C.I.O. Council convention, Reuther charged that a "breach" to which President Truman General Motors workers, and other workers were parties had been "broken." He pointed out that fact-finding

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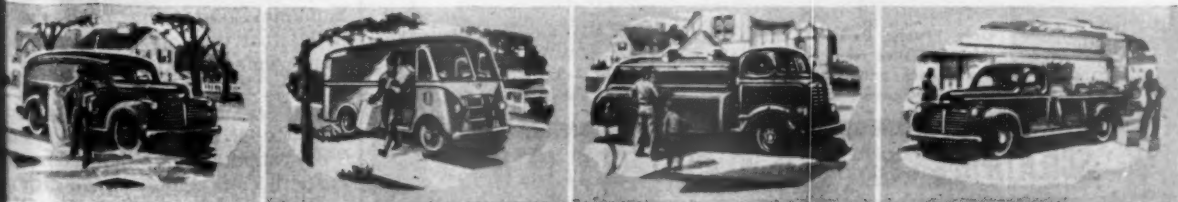
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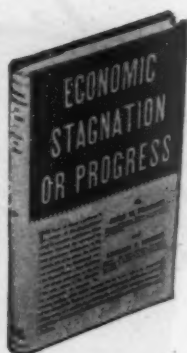


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the G.M. strike case concluded that company could pay a wage increase of 19¢ per hour—one cent higher than the final settlement figure—and "sell its products at its 1942 schedule of prices."

But since then, he charged, auto advances have been based partially on higher wage costs, violating the finding determinations and hence justifying the union's seeking further increases if prices continue to go up.

Seniority Guide

Utah federal court decision sheds light on job privileges of short-time employees returning from military service.

One of management's biggest problems since servicemen began returning to old jobs has been deciding who should be classified as permanent employees entitled to reemployment, which should be considered temporary employees without such rights.

Recently the U. S. District Court in Utah handed down a new guide decision which imposed a further limitation on the right of short-time employees to demand restoration of from which they were inducted.

• **Border-Line Case**—A trainee driver for the Interstate Transit Line Salt Lake City served 85 days of a day probationary period established by union contract before induction. Muttered out, he applied for his former position and asked for accumulated seniority provided for by union contract, for period he was on military service. Instead, he was rehired as a new employee.

The district court upheld this position, stressing the fact that the employee was still five days within the 90-day probationary period when he was inducted and that he had not joined the Amalgamated Assn. of Street Electric Railway & Motor Coach Employees (A.F.L.), which had a closed-shop contract with the company. The court ruled that the trainee driver had established seniority prior to induction; consequently was not entitled to cumulate seniority during his military service.

• **Clarification**—The significance of and other decisions on veteran seniority has been increased by the recent U. S. Supreme Court ruling (BW—June 1, p104) that veterans are not entitled to "superseniority" on jobs. Under the ruling, veterans can claim only pre-military service seniority, plus month-for-month seniority accumulated during service. They cannot "bump" nonveteran workers with more seniority than their own. If the Utah court decision stands.

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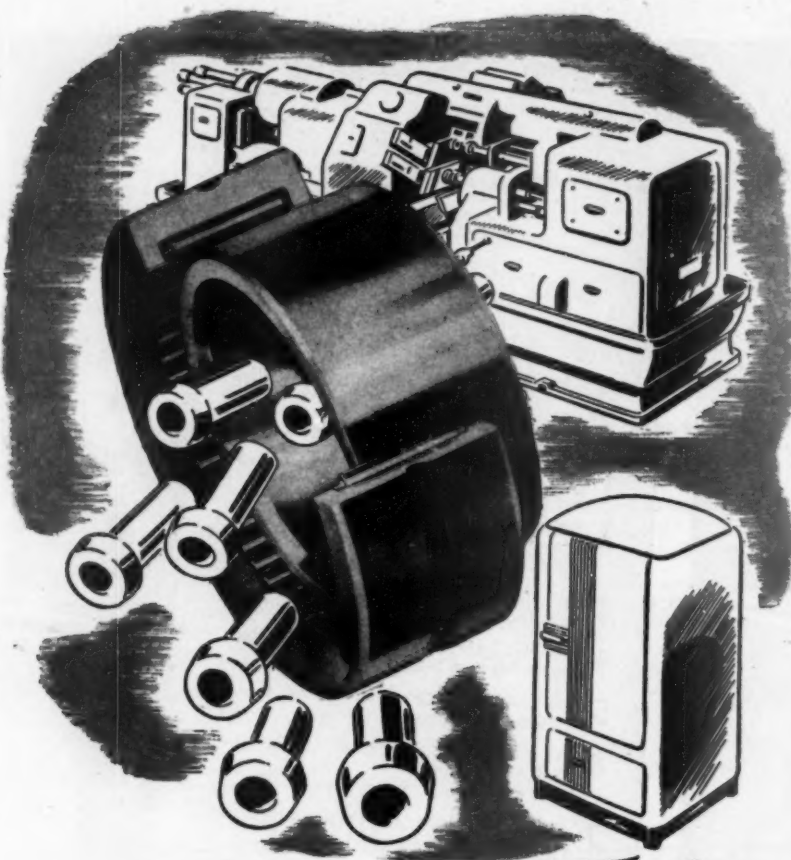
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the possible test of a supreme review, management's problems lessened. When a question of seniority status should be given turning employee arises, employees be able to get an answer by referring to their union contracts provisions.

• **Civil Service**—Where federal government employment is concerned, the same thing will henceforth be the attorney general has concluded the "basic factor in determining whether a government employee has recruitment rights is whether or not he acquired a [post-probationary] service status," the equivalent, for federal worker, of union seniority.

Besieged Spiegel

Mail order house is beset in rapid succession by a labor case, an OPA case, strike that is taken to court.

Spiegel, Inc., of Chicago, the third largest mail order house, is in its third recent immersion in hot water when striking warehousemen, members of A.F.L.'s Teamsters Union, succeed in blocking movement of goods in and out of Spiegel's ten warehouses.

The warehousemen struck May 1 when the company rejected demands for recognition of their local. Shipments were halted when five other teamster locals observed warehousemen's picket lines.

• **Damage Suit Filed**—As a result, Spiegel filed suit this week in Superior Court for \$1,000,000 damages from six teamster affiliates, alleging illegal picketing and conspiracy. The company also asked for an injunction against picketing, and that the court appoint a receiver to take charge of the company and all records and funds until the damage suit is settled.

The warehousemen's local union demanded sole bargaining rights on the basis of claims that a majority of employees involved had signed union membership cards. Spiegel denied the claims, saying the majority of workers favored the A.F.L.

• **OPA Case**—The strike repercussions followed close on the filing of a suit against Spiegel by the OPA for \$129,522 treble damages for overcharges in the Spiegel-owned chain of Spiegel Stores throughout the country.

Complaints of overcharges on more than 30,000 sales of women's apparel followed a three-month audit of Spiegel's business. Following its standard practice, OPA also asked for an injunction against further violations.

• **Child Labor Case**—In neither of the matters was Spiegel making a new record; but its recent payment of a \$250,000 fine in a child labor case was a record.

under the child labor provisions of the Fair Labor Standards (Wage-Hour) Act established a new high for a penalty of that sort.

The firm pleaded guilty in federal court to a 24-count information filed with the Children's Bureau, which had previously dropped another count involving a truck driver.

Special Shift Involved—A total of 106 children under 14 or 16 (the age depending upon the legal limit for the type of work they were doing) were covered in the information. Spiegel's factory has around 3,600 teen-agers on employment rolls. They work on a special three-hour shift—the lawful maximum—from 5 p.m. to 8 p.m. and all Saturdays. The store uses school teachers to supervise these workers.

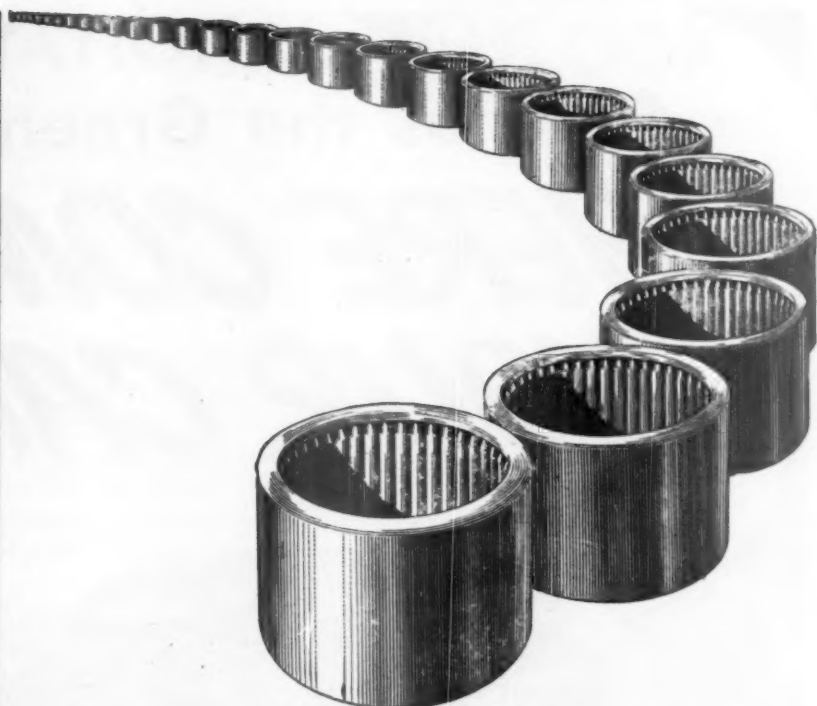
The Dept. of Labor charged Spiegel's with "irresponsible recruitment of new workers" because it had distributed in surrounding high schools hand bills urging students to work for the firm. Spiegel's replied that it was desperately in need of help and employed children without knowing they were under the legal age.

The Children's Bureau emphasized abuses of the Labor Standards Act in stipulating that a birth certificate is sufficient proof of a child's age for employment purposes. The act states that a certificate of age from a Board of Education is the only proof acceptable.

Settlement of the five-month strike of 5,000 C.I.O. mine, mill and smelter workers at 18 American Smelting & Refining Co. plants (BW—Mar.30'46,p92) this week eased the nation's nonferrous metals pinch somewhat, but an estimated 60% of copper production still is held up by strikes of 8,000 employees of Kennecott, Phelps Dodge, and other companies. American Smelting settled by giving the 18½-an-hour raise demanded by nonferrous fact finders, got a no-strike clause in the contract to run until June 30, 1947.

Fact finders this week heard Hudson Manhattan R.R. report inability to pay an 18½ increase, and assert it could not be classed with other interstate carriers—subject to recent national railroad strike settlement terms. Striking A.M. railroad brotherhoods (BW—Mar.8'46,p98) boycotted the hearings. Neither side indicated New York's commuting tie-up might be nearing an end.

Loading of wheat for Mexico, halted eight days by a protest strike of A.F.L. grain processors (BW—Jun.8'46,p20), was resumed in Kansas City June 5 after the government announced it would permit the city's mills and dealers to borrow wheat from the Commodity Credit Corp. for immediate use, repay the loan later at current prices.



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THE INTERNATIONAL OUTLOOK

BUSINESS WEEK

JUNE 15, 1946



Diplomatic sparks will fly again when the preliminary peace conference reconvenes in Paris on June 15, but few observers now expect political developments much longer to obscure major international business moves.

The race between the two well-defined blocs, Russia and the Western powers, is rapidly shifting to the economic field.

Washington this week shows its first encouraging sign of reorganizing to cope with this country's vast new business responsibilities abroad.

Congress can be expected to pass legislation creating a new Under Secretary of State for Economic Affairs—with Will Clayton, present Assistant Secretary, the first incumbent.

Also, Congress will inevitably approve higher pay for foreign service officers, thus attracting more people with broader business experience.

With the favorable election returns from western Europe, Washington shows signs of speeding legislation which will aid recovery.

Following passage of the French loan (BW—Jun. 8 '46, p109), the House will be urged to act on the British loan with the same last-minute burst of activity that carried it through the Senate in a whirlwind session.

With Congress aiming to adjourn by July 15, the outcome will be known within four weeks.

Inadequate advance planning continues to nullify some of the commercial gains U. S. business has a right to expect as part of this country's generous foreign loan program.

French motion picture producers, despite bitter protests over the recent U. S.-French agreement to import a fixed number of films into France, received a far more favorable deal than many of them expected.

However, in the rush to close the loan deal before the French elections, Washington allowed itself to be out-traded. The agreement could have been far more favorable to U. S. producers.

Similarly, in yielding to London protests that British air lines must be cut in on the Italian commercial aviation picture, Washington has failed to secure comparable concessions for U. S. business in tightly controlled British spheres of commercial domination.

Look for an eventual expose on the efforts British business is making to win a virtual monopoly over Greek concessions along lines similar to those employed by the U.S.S.R. in eastern Europe (page 98).

Moscow is bargaining with equal boldness.

Though the Mexican sisal trust is bound by an agreement to dispose of its product to the U. S., the offer recently made by Soviet commercial agents (BW—May 18 '46, p112) to pay higher prices than the U. S. after the expiration of the present agreement, and to offer both financial and technical aid in order to improve production methods, has impressed Mexican authorities.

And in Yugoslavia, base for pushing Russia's Mediterranean aspirations, Moscow has agreed to sponsor—both technically and financially—the building of an armament industry.

However, Washington may announce before October a major trade con-

THE INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
JUNE 15, 1946

cession which is widely expected now to be wrung from the Soviet Union.
Long rated as a literary pirate, Russia may soon come to terms with the U. S. in a reciprocal and royalty pact.

Return to U. S. authors and publishers would be substantial, since Moscow has long shown a distinct preference for American publications of all kinds.

U. S. trade initiative is beginning again to capture the imagination of Latin Americans.

Willys Export Corp. is sending overland to Mexico a caravan of specially equipped jeeps which will stage demonstrations of their varied uses for federal authorities, industrialists, and farmers.

Some are equipped with ploughs, cultivators, and saws; others with welding equipment, paint guns, drills, and circular saws; and one is equipped with fire-fighting apparatus.

President Peron's recent boast that he would create a flying freight service between Argentina and Chile which would carry live cattle westbound and return with Chilean food specialties looked less fantastic this week.

Ten thoroughbred Guernsey cows have just been flown from New Jersey to Bogota, Colombia, where they will become the nucleus of a herd supplying milk and butter to the capital. Flying time was 17 hours.

Australia has inaugurated a new drive for world markets.

Ten new trade commissioners have just been appointed.

The government's commercial intelligence service—besides operating in Singapore, Hong Kong, and Shanghai—will include India, Ceylon, the Philippines, Britain, Canada, the U. S., and the Middle East.

In addition, more than 100 Australian industrial executives and technicians are on their way to visit factories, power plants, and water conservation schemes in the U. S. and Canada.

Straws in the international trade wind:

Ariel Co., Birmingham, England, has just received from a Los Angeles agent an order for 1,400 bicycles.

Imperial Chemical Industries, London, has recently announced, as a part of its drive to grab the lion's share of Germany's former chemical export business, a \$36,000,000 expansion program for its dyestuffs division, which will add 2,000 to the present work force and double the 1939 employment in this division of the company.

Foreign travel agencies are already laying plans to attract U. S. tourists—both for 1946 and 1947.

Paris has just announced that three-month travel visas for France will be issued immediately.

Mexico has already launched a tourist drive; and Guatemala City will rush a new 300-room hotel.

The Travel Assn. of Great Britain and Ireland has dispatched a special agent to the U. S. to lay the groundwork for an all-out advertising campaign some time this winter to boost travel to England in 1947.

BUSINESS ABROAD

Steel Faces Nationalization

Britain's Labor government, in moving on basic industry, its most drastic venture in public ownership program. Portion of production will remain under control of private interests.

The Labor government reached a decision in its nationalization program at the end of May, it obtained parliamentary approval for its momentary decision to bring Britain's basic production under public ownership and control. Enabling legislation, however, will not be ready until late summer, but no one doubts now that it has been largely removed from the hands of private ownership.

Which Monopoly?—Despite the many arguments advanced for and against nationalization, the nub of the question was whether the British steel industry should be a private or public monopoly. The government shrewdly avoided completion of the \$676,000,000 nationalization scheme of the British Iron & Steel Federation, which had been requested by the Coalition regime, by its decision to nationalize steel was based on the ground of socialist principle, not because of any weakness in the B.I.S.F. program.

Now to government thinking was the question by Chancellor of the Exchequer that the monopolistic character of the B.I.S.F. made nationalization desirable, while Opposition henchman Lord Lyttelton belied the Tory faith in enterprise when he argued that the steel industry should be privately owned but that it should be organized as a national industry, "able to fix prices, and to speak with one voice to the steel producers."

What It Will Cover—The government's plan, though far from precise in defining the demarcation line between public and private spheres, does include nationalization for the following branches of the industry: (1) iron and coke ovens; (2) manufacture of iron and of steel ingots from pig iron and scrap; (3) primary and heavy rolling sections; (4) finishing operations closely integrated with iron and steel making as to form a continuous process, possibly some of the same finishing processes where carried out in separate independent works.

Broadly speaking, the government's plan is to nationalize that part of the industry which can be regarded as a supplier of raw materials. The engineering industries are explicitly excluded, and foundries making castings will be

left in private hands since they are so closely interwoven with engineering.

• Control Board Planned—Another current estimate gives percentages of certain products which will come from publicly owned plants as follows: light rolled products, 61%; cold rolled strip, 26%; mild steel wire, 49%; hard steel wire, 9%; drop forgings, 22% to 36%; bright steel bars, 24%; and casting, 32% to 46%.

In practice, the government will make every effort in the nationalized sector to maintain the existing management where it is efficient, and to change little more than the ownership. If it succeeds in this, management will be merely shifted to the payroll of the public corporation (or corporations) set up to operate the publicly owned section of the industry under the over-all supervision of the Ministry of Supply.

It will be the task of a control board, which will soon be established to take over supervision of the industry during

the transition period, to help make such arrangements as well as to see that production is maintained and the modernization program carried out as speedily as possible.

• Expansion Program—The plan, to which the government has already given general approval, involves replacement and expansion in 7½ years equivalent to about 40% of the capacity of the industry. It provides for an increase in steel furnace capacity from 14,000,000 to 16,000,000 metric tons, blast furnace capacity from 7,300,000 to 9,100,000 metric tons, and billet mill capacity from 3,700,000 to 4,500,000 metric tons. This expansion is predicated on estimated requirements of 13,000,000 ingot tons for home consumption by 1950-55 and 3,000,000 metric tons for exports, and would be dependent on 12,500,000 tons of home ore and 7,500,000 tons of imported ore.

The scheme involves the scrapping of 53 blast furnaces with a total annual output of 3,000,000 metric tons and the construction of 24 new furnaces with a capacity of almost 5,000,000 tons—designed to raise average output per furnace to 160,000 tons and cut fuel consumption by almost 20%. Steel furnace capacity would be rationalized to roughly the same extent.

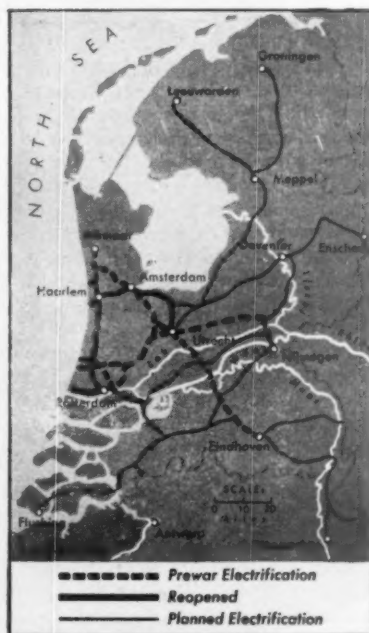
• Product Concentration—The proposals also provide for the concentration of areas and plants on a more limited range of products. Rail production, for example, would be in four plants instead of eleven, and 90% of billet production

Netherlands Expanding Rail Electrification

The Netherlands is gradually resuming operations of prewar electric railways and is planning a five-year program of electrifying all but secondary rail lines. The objective is more than double the 350 mi. of main lines electrified in 1942.

No official estimate of the cost of the plan has been made, but work is to be continued regardless of expense. Electricity is considered the most economical source of motive power in the Netherlands, where domestic coal is readily available. Before the war only passenger trains were electric, but the plan calls for electric freight locomotives as well.

When the all-electric Amsterdam-to-Brussels service is opened, a change of locomotives will be required at the border because of differences in Dutch and Belgian voltage. In 1942 Dutch electric power capacity amounted to 76,400 kw. (continuous), and the plan will require a doubling of this capacity.



would be in continuous mills. The degree of specialization between regions would mean the concentration of tin-plates and thin sheets in South Wales, wire and wire-products in Lancashire, and tubes in the East Midlands.

The distribution of expenditure by regions is as follows: South Wales, £41,000,000; North-East Coast, £35,000,000; Scotland, £29,000,000; Lincolnshire and Northamptonshire (chief domestic ore fields), £39,000,000; and rest of country, £24,000,000.

Of the total cost of the construction program roughly 65% would be spent on civil engineering, buildings, cranes, and furnaces; 15% on electrical equipment; and 20% on rolling mills and related equipment. The average cost of plant construction has doubled since 1938.

• **Machinery From U. S.**—The weight of rolling mill machinery required is estimated at 100,000 tons, of which 30,000 (almost entirely for the sheet and tin-plate scheme in South Wales and Dorman Long's broad flange beam mill on the Teeside) would need to be imported from the U. S. at a cost of approximately £9,000,000.

Even before the government received parliamentary authority to proceed with nationalization, approval had already been given to 47 projects, involving a total expenditure of £64,000,000, and work has commenced on some of these, including site preparation for the strip mill in South Wales. This mill, as well as the Dorman Long expansion, had a high priority in the British Iron & Steel Federation program and will undoubtedly be pushed by the government, particularly if passage of the American loan to Britain assures dollars for the necessary rolling mill machinery.

• **Financing Plans**—But it remains to be seen how energetically the industry will be prepared to carry forward its projects now that the change of ownership of most of the large companies is destined to come in the middle of their programs of capital expenditure. Although the government has given assurance of fair compensation for such expenditures, it will have to make its intentions much more specific if the scheduled modernization program is not to be seriously impeded.

Much of the new construction, such as the Northamptonshire and Clydeside projects, will probably be publicly financed from the beginning; the Chancellor of the Exchequer has already announced that money can be borrowed for the public sector at gilt-edged rates (now 2½% for medium long-term) and that Treasury facilities to guarantee loans under the Borrowing (Control and Guarantees) Bill (BW—Mar. 16 '44, p68) would also be available.

That part of the industry remaining in private hands was assured that it

would have capital at rates only slightly above gilt-edged. But its future position is far from enviable, since it will depend for its raw materials on publicly owned plants and, in many finishing processes, compete with them.

• **Future in Doubt**—What may happen is that efficient private firms may be able to undercut the nationalized concerns or, if they join a national price ring, make excessive profits. In either case they could become so unpopular that they might be brought within the net of public ownership.

This is the most hazardous venture into the field of nationalization which the Labor government has yet undertaken. There are many unanswered questions, perhaps the most important of which is whether efficiency can be achieved in an industry which will be half-fettered and half-free.

The chances are that there will be new mergers and integration in the private sector, particularly between the large companies which lose their basic steel plants but keep certain finishing processes.

Romanian Plight

In political disfavor with the U. S., whose economic help it needs, Romania must maintain its Soviet ties.

While Britain and the United States press for free elections in the hope of putting an end to government by decree, Romania's interim regime has turned its back on the West and leans heavily upon the Soviet Union for help and counsel. Romania is the only Axis satellite in eastern Europe which has tested its political drift at the polls.

Wracked by galloping inflation, the economy creaking at every joint, the country needs U. S. capital and equipment. It stands little chance of getting either until it toes the line on election freedom of the press, and principles of commercial policy.

• **Production Off**—Inability to repair and replace worn machinery and depleted



OPERATION UNDERGROUND

With a considerable part of the city bombed out above the surface, an enterprising citizen of Stuttgart, Germany, has plunged underground to do business. What looks like a subway exit (above) is the entrance to the flourishing 96-room hotel beneath the city's market place. During the war the concrete reinforced area was an air raid shelter. Now its long corridors (left) and tiny cubicles afford equal welcome refuge to the harried traveler—if he can get accommodated. With the acute housing shortage, the hotel turns many applicants away.

Now . . .

PENICILLIN

*can travel in
your doctor's bag*

UNTIL recently your doctor could not carry penicillin in his bag like the other drugs he always wants with him. Penicillin had to be kept under refrigeration. Whenever he needed it away from his office or the hospital, time had to be lost while penicillin was obtained from the nearest place where it was kept under refrigeration.

With the manufacture of penicillin in highly purified crystalline form by Commercial Solvents, this picture has changed. This new penicillin does not require refrigeration. Now this vital drug always can be as close at the doctor's hand as his bag, ready to be given on his first call if needed. This means valuable hours saved in commencing treatment—a head start in combating infection.

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In 1945 more pages of advertising were presented to the audience of this magazine than to the audience of any other general, business, or news magazine.

	PAGES
BUSINESS WEEK	3907
Time	3509
Newsweek	3470
Life	3232
Sat Eve Post	3143

of raw material stocks hamper production. In 1945 Romanian steel output was 117,500 metric tons, barely 50% of 1937 production. This year's figure is still lower.

Petroleum production last year of 4,640,000 metric tons was 65% of 1937 output. In the last quarter, 68% went to the U.S.S.R., chiefly as reparations. In the first quarter of 1946 output dropped slightly (to 1,070,000 tons) through lack of equipment, but only 48% of production went to the Soviets, and this was partly paid for by raw material shipments.

Coal and lignite production of 1,500,000 metric tons was only 70% of the 1937 output.

• **Trade Handicaps**—Transport bottlenecks hindered domestic trade and exchange of goods with neighboring countries. Last year 75% of Romania's locomotives were on hand, but only 27,214 of a prewar total of 60,000 freight cars were available for use.

Foreign trade, hampered by exchange shortages, has been confined almost exclusively to barter arrangements with neighbors. Bulgaria, Hungary, the Soviet Union, Yugoslavia, Albania, Czechoslovakia, and Poland have signed trade agreements with Romania.

• **Foreign Exchange**—The pitiful level of cash trade with western Europe is reflected in foreign exchange transfers, which in the ten months ending in mid-March, 1946, amounted to only \$4 million. Annual trade with the West was ten times this figure in the years before the war.

From Switzerland, Romania last year obtained copper, tanning materials, cotton, medicine, and shoes. Sweden sent \$150,000 in ball bearings and machinery.

Trade with the U.S.S.R. (scheduled to balance at \$12 million last year) fell behind schedule and out of balance. In the first ten months, Romania exported goods valued at 1,188 million lei and imported goods amounting to 2,287 million lei. Chief exports are petroleum products and finished cotton; principal imports are raw materials and capital goods to stimulate mineral and industrial output.

• **Joint-Stock Device**—Particularly objectionable to Washington are the Romanian joint-stock companies, recently formed in partnership with Moscow. So far, such companies have been set up to handle oil production, banking, air and river transport. Three more—for forest products, chemicals, and insurance—are planned.

The Soviets have also taken a share of the metal firm, Uzinele Reshitza, in payment (under armistice terms) for Krivoi Rog iron ore mined by the Romanians during their brief imperial rule over "Transnistria." In this case, private share holders retain 25% of the company's capital, the U.S.S.R. holds 30%,

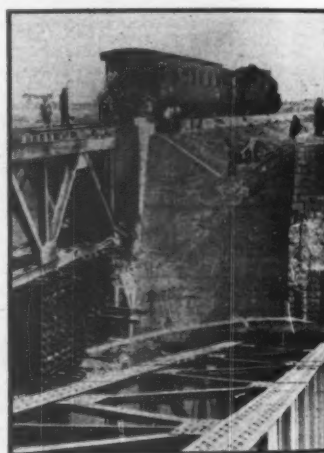
and the Romanian government holds the remainder.

• **Precedents**—Sovrombank, a joint company to handle import-export between the two countries (BW 20'45, p113); is similar to companies established 25 years earlier in Sweden, Denmark, Germany, Holland, and Italy for the same purposes.

Sovrompetrol, a joint company in which the U.S.S.R. holds 50% stock, gives the Soviets a 12.5% of Romanian oil facilities. In addition to the properties of Kontinental acquired by Germany between 1931 and 1942—the Soviets obtained shares in eleven Romanian companies as reparations. The U. S. share in Romanian production facilities, still privately controlled, is also about 12.5%, or less. Great Britain and the Romanian government hold (22.5% and 27.3% respectively).

Sovromtransport, a joint shipping company on the Danube, is operating under difficulties. Most of the alleged German-owned equipment claimed by the Soviets is being held by the Army in Germany.

• **River Dispute**—At Paris the status of the Danube, key to Balkan trade communications, stymied the foreign ministers. The United States, although not a party to the many treaties governing navigation and control of the



TO HOLD THE SUPPLY LINE

Along China's few but vitally important railways, there is constant activity—destructive by night, constructive by day. A case in point is that of the Kaiyuan bridge (above) at the Mukden-Changchun Railway in Manchuria, an important Nationalist supply line. Communist guerrillas sabotaged the bridge; 2,000 Nationalist coolies repaired it. A week later, guerrillas raided again, left the Nationalists with another construction

at co... river and its Romanian access
the Black Sea, has insisted upon a
inclusive international arrangement
the United Nations. The Soviet
... a Danubian state since the re-
... of Bessarabia, insists upon
... control of the inland river
... Soviet-Romanian control from
... to the sea.

CANADA

Hyde Park Agreement early

the war restored Canada's
capacity to buy from the U. S.,
ported lend-lease request.

OTTAWA—Just how close Canada
... to applying for lend-lease and tak-
... more drastic steps than were ulti-
... mately necessary to restrict purchases
... from the United States early in the
... was revealed for the first time last
... in a report from the dominion's
... Foreign Exchange Control Board and
... ments by Graham Towers, governor
... the Bank of Canada.

Early in 1942, expanded purchases
... machine tools and materials for war
... production and decreasing exports
... the United States reduced Canadian
... reserves of U. S. currency and gold to a
... level sufficient to meet import require-
... ments for only six weeks.

More Purchases—The Hyde Park
... agreement saved the situation by rais-
... the volume of U. S. purchasing in
... Canada. At the end of 1945 the board
... reported Canadian holdings of \$1,500,-
... 000,000 in gold and U. S. dollars. At the
... point they had been only \$174,-
... 000,000.

The board, which handles all ex-
... change transactions and still maintains
... restrictions on export of capital
... reported a profit on its operations of
... \$9,000,000.

Exchange Control—Tabling of the
... board's report in Parliament preceded
... production of legislation to provide for
... continuance of foreign exchange con-
... trol, which now operates under a war-
... time Order in Council.

Explaining the reason for continued
... control, Towers said that heavy U. S. in-
... vestments in Canada make the country
... vulnerable in the event of a panic with-
... drawal of funds. At the moment Canada
... enjoys a high rating in the eyes of
... American investors. Without control
... regulations, a sudden change in opinion
... might cause them to rush to unload
... their \$3,000,000,000 in marketable
... Canadian securities and part of their
... \$2,000,000,000 in plant and fixed assets.

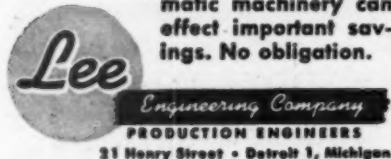
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THE MARKETS

(FINANCE SECTION—PAGE 2)

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	178.6	181.5	179.9	144.0
Railroad	65.7	65.9	62.9	57.0
Utility	95.0	96.1	93.2	68.8
Bonds				
Industrial	123.9	123.4	123.8	122.2
Railroad	118.9	118.3	118.6	115.4
Utility	116.0	116.8	115.9	116.8

Data: Standard & Poor's Corp.

Market Becoming Nervous

Despite all the Wall Street assumptions that the stock market had already thoroughly discounted the distinct probability that the President would turn down the Case bill, and that it could not be passed over his veto, stocks broke quite sharply when it was finally learned Tuesday afternoon that both these expected events had occurred.

The spurt of selling touched off by this news wasn't confined to any small section of the stock list. Only 25% of the 996 individual issues changing hands via the Big Board on Tuesday could actually boast of plus signs when the market had closed. The widespread losses recorded ranged up to \$4 in some cases and trading volume that day only rose to "respectable" levels when price weakness began to be discernible.

• **Weakness Fades Out**—This price weakness was noticeable in the industrial and utility groups for a time in Wednesday's trading session. However, it gradually faded out as the day drew

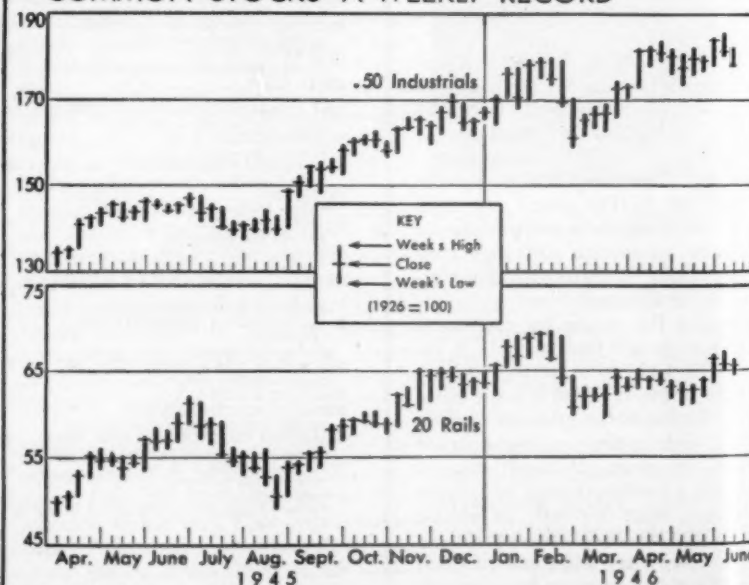
on. And rail issues, market lag for so long, also actually managed to register quite fair advances on the tickers before it became time to close the gong closing midweek trading.

Nevertheless, few Wall Street observers could have considered Wednesday's price performance at all impressive. Trading volume, for one thing, was well below a million-share level as the market firmed. Entirely absent from the proceedings were the verve and vigor characteristic of 1942-4? bull market sessions before last February's "Bowles market" sell-off awakened participants to the future necessity of summing an increasingly critical attitude toward too bullish forecasts of the future.

• **Uncertainties**—Causing much of today's nervousness in the market, of course, are the increasing uncertainties now being generated in the mind of many previously active traders and investors by their conjectures over the future labor line that will be followed by the Truman Administration.

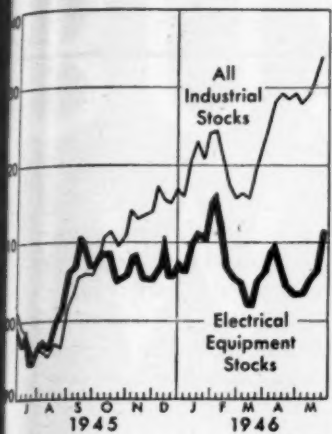
They have already seen some of the serious damage to earnings that can be caused by labor troubles. While they don't like it, they are thus reconciling to the fact that many unimpressive half corporate operating reports will soon be released. What they are now afraid of now, however, is that they will be facing a further extended period of labor strife which will accentuate the damage already done to business. Until clarification of this uncertainty

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

SPARK MISSING



The industry's postwar operations have been further impaired by the drastic shrinkage in profit margins that has resulted in recent years from steadily rising operating costs (particularly wages) and the absence of price readjustments. Prices in many cases still remain at prewar levels.

In consequence, few of the trade's 1946 first quarter earnings reports have made very pleasant stockholder reading. Neither will January-June net profits evoke much enthusiasm, even though some improvement in operating schedules has been seen recently. Business has yet to reach satisfactory levels, and there are still important problems to be solved.

• **Copper Is Needed**—Proving particularly serious lately has been the lack of copper, and the National Electrical Manufacturers Assn. now warns that a drastic cut in the industry's operations will very soon be necessary unless present strikes in the copper mining, smelting, refining, and fabricating trades are quickly settled.

Despite the unimpressive first half earnings performance that is expected, Wall Street, as a whole, isn't especially bearish concerning the electrical equipment shares. To many brokers, in fact, longer term prospects actually appear bright enough to warrant purchases in the group at present price levels.

• **Bases of Optimism**—There are plenty of concrete factors, besides the industry's present strong fiscal position, to account for this optimism. OPA, for example, has been according it some price relief lately. And the trade's conviction that profit margins will widen before long seems evidenced by the many substantial expansion plans now under way.

Even more cheering is the fact that the industry now has huge backlogs of orders which should result in high operating levels for some time—once the road ahead is clear. This, moreover, is particularly true where heavy equipment is concerned, a branch of the business not hampered so much by OPA ceilings.

• **Household Demand**—There is likewise a large pent-up demand for radios and household appliances which must be supplied. This, however, may be exhausted quite quickly (in one to two years, some predict), because of the enlarged capacities of the established makers of such goods and the number of new companies that have lately entered the field. Consequently, the looked-for prosperity in such lines may not last as long as many outsiders currently believe.

As a result, even those Wall Streeters who are now advising representation in the group are urging great selectivity when clients make such purchases. Best-liked are those companies which manufacture both light and heavy lines and which possess well-established trade marks.

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own—but Not Out

Normally, the price moves of the electrical equipment shares correspond quite closely with the market trend of industrial stocks generally. But that hasn't been true lately (chart). Until recently (May 25 '46, p41), in fact, only one group of stocks had shown greater lagging tendencies.

Reasons for this less-than-average performance, however, are not difficult to

Labor and Materials—The operations of many leaders in that field have been hampered, or shut down entirely for long periods, because of labor troubles. Also, the industry's output has been sharply cut by shortages of materials and essential parts, often caused by labor disturbances of its chief suppliers.

THE TREND

THIS IS NO TIME TO KILL OPA

It is still our opinion that it would be a national misfortune if, effective July 1, the OPA price control setup were so badly mangled, as it was by the House bill extending price control legislation, that those in charge could plausibly throw up their job as impossible. It is also our opinion that, in the setting in which this surrender would inevitably take place, it would be in peculiar degree a misfortune for American business.

In the months since we first expressed the opinion that it would be desirable to continue OPA for a limited period beyond June 30 in a streamlined, more equitable, but nonetheless effective way, there has been a tremendous deterioration of the entire price stabilization program. It may be argued that this deterioration, typified in an almost ghastly way by that photograph of the President fairly bursting with delight about a coal strike settlement which ran counter to every principle of price and wage stabilization to which he had said the country must adhere, makes the issue of continuing OPA less crucial than it would have been six months ago.

- In our judgment, however, a junking of the commodity price controls on June 30, either by legislative action or administrative abandonment, would accelerate markedly the upward course of prices. And while we respect the sincerity with which it is advanced, we do not find it possible to agree with the argument that the rise would be only temporary and could be washed out by the increased supply of goods which release from the entanglements of OPA red tape would make possible. On the contrary, we think it much more likely that the upsurge in prices would set off a successful drive for compensating wage increases and thus simply give the inflationary spiral another upward spin.

- In this connection it is extremely important to take account of the role that various price indexes, such as the Bureau of Labor Statistics cost-of-living index, play in the process of wage adjustments, and the effect which formal abandonment of commodity price control would have on them. At present large amounts of food and clothing, the prices of which account for about 60% of the cost-of-living index, are sold above official ceiling prices. But for the most part official ceiling prices, at which some of these products move, go into the index. If price control of these products were formally abandoned, that would no longer be the case, and the cost-of-living index rather than OPA enforcement officers would be responsible for catching up with the black market.

The basis for general wage adjustments to compensate for an increase in the cost of living, as reported by the index, would be laid. We doubt if much time would be lost by the unions in acting on it.

It may be argued, of course, that at the rate at which the wage and price stabilization program has been kicked around since V-J Day it cannot last long anyway. If so, the question of giving it a formal coup de grace or allowing it to pass out without such attention is largely academic. As we have indicated, we do not think that this is the case. But in any event, the question of who is responsible for wrecking the stabilization program will remain important.

- As matters stand, it is clear that the most powerful force in wrecking the stabilization program has been the drive for wage increases to which a pliant government, in contempt of its own announced policy, has yielded at the expense of price increases. Business leadership is not and cannot plausibly be taxed with reducing the stabilization program to the near wreck it has become. It has been quite clearly on the receiving end.

Nonetheless, it will be a relatively simple trick to shift much of the blame for this development to business. OPA is wrecked by legislative action, and particularly as we anticipate would be the case, the upward movement of prices is consequently accelerated. This is true simply because of the conspicuous line-up of business interests in favor of discontinuing OPA controls.

If the stabilization program continues to be subjected to the sort of pounding by wage increases it has received since V-J Day, it is obviously going to be completely wrecked before long regardless of what is done legislatively. This very prospect, however, makes this a poor time, both from the point of view of business and for the larger public interest in keeping the record straight, to change the setup so that in fixing responsibility for the debacle the buck can be successfully passed to business leadership.

- Because of the succession of triumphs of organized labor in riding roughshod over the limitations imposed by the stabilization program, with an attendant bruising and buffeting of business, there seems to be some disposition in Congress to provide a sort of poultice for business by being abnormally receptive to its views about modifications in the program. Judged by the House bill and, to a lesser degree by the Senate committee draft, it would seem that if business interests drive hard enough they can manage to have OPA pretty thoroughly emasculated.

In many ways, we confess, we find that a pleasing prospect. However, we remain convinced that, in the peculiar context in which the OPA issue comes to a legislative showdown, neither the country nor business will be well served if it can be honestly demonstrated that OPA has been thoroughly hamstrung.

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